

Regulatory Commission for Electricity in Federation BIH - FERK

Electricity Market Opening in B&H

Restructuring of Power Sector and the New Energy Policy
of European Union

Tuzla, 10.7.2007.

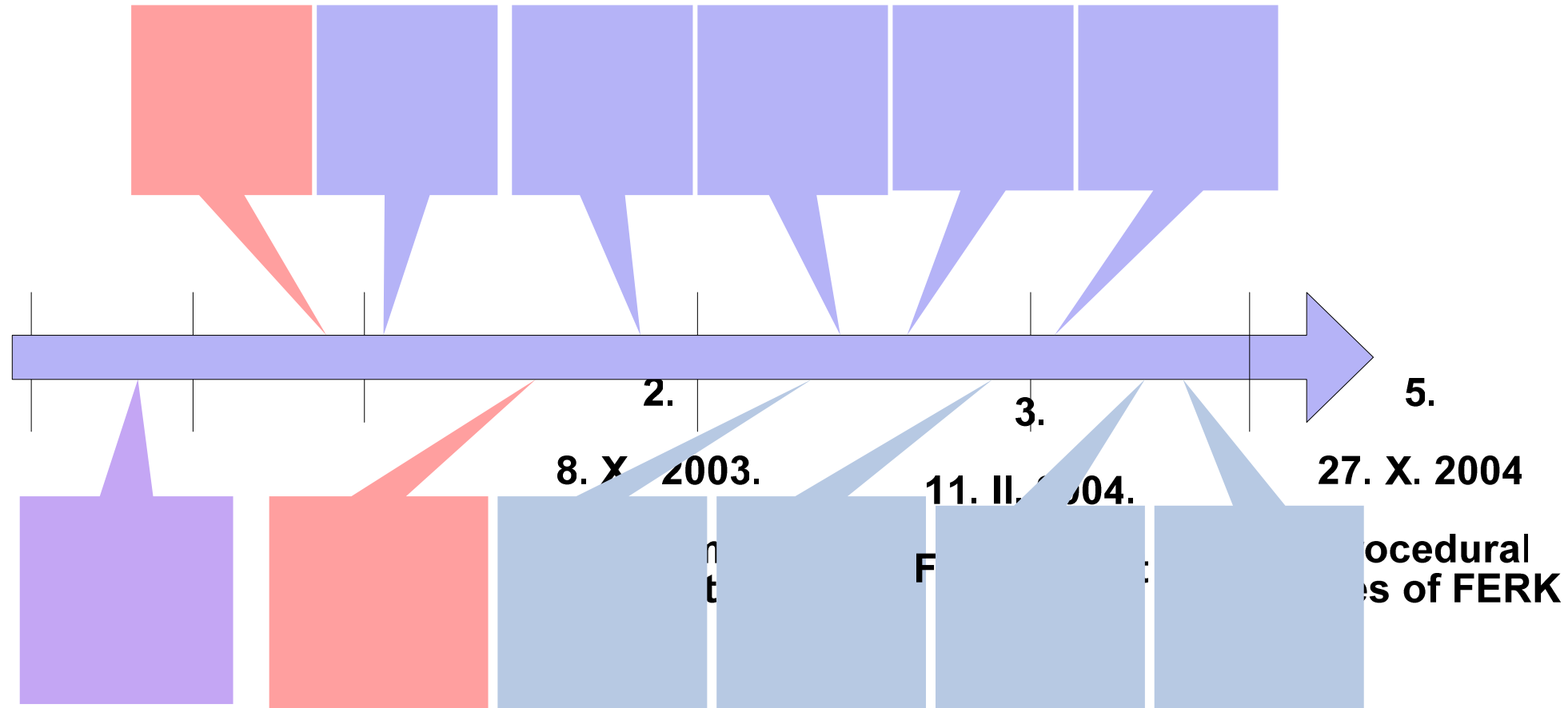
FERK's jurisdictions

- Supervision and regulation the relations between generation, distribution, and buyers of electric power; including electric power traders;
- Defining the methodology and criteria for setting prices of electric power supply to non-eligible buyers;
- Setting electric power tariffs for distribution systems users and tariffs for non-eligible buyers
- Granting or revoking the licenses for electric power generation, distribution, supply and trading
- Granting licenses for construction of electric power facilities and licenses for using electric power facilities, excluding electric power transmission facilities
- Defining the General Conditions for Electric Power Supply

Goals

- Stimulation of development in the electric power sector;
- Stimulation of private local and foreign investments;
- A more reliable supply of the consumers with quality electric power;
- Connecting to the international electric power market through a unified electric power market in Bosnia and Herzegovina;
- Cost-effective and rational use of electric power;
- Energy efficiency;
- Introducing competition and transparency and to prevent unwanted monopoly effects;
- Protection of the environment in accordance with the regulations and domestic and international standards;
- Protection of interests of the system users;
- Usage of renewable sources of electric power.

Regulatory Process in FB&H



FERK

2002

2003

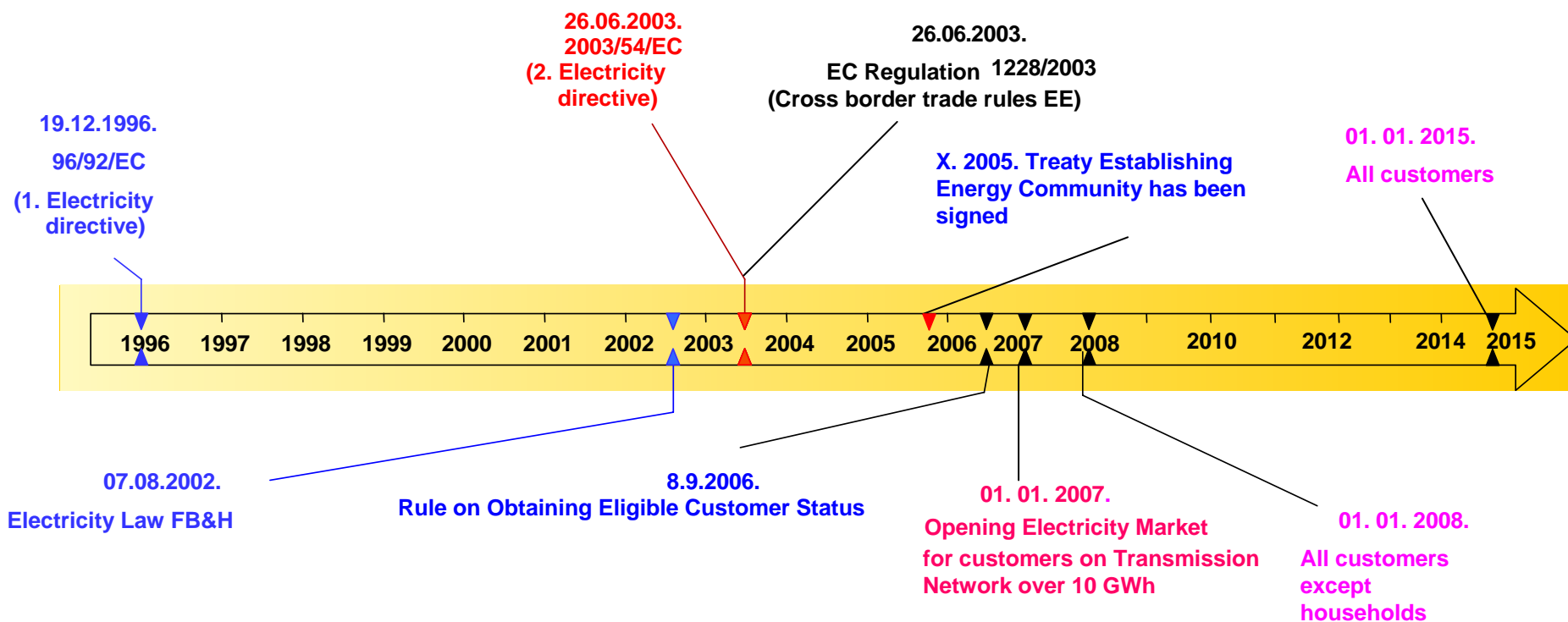
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2004

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Process of Opening Electricity Market in Federation B&H



Eligible Customer's Rights

- An eligible customer has the right of free purchase of electricity on its own choice .
- In transitional period the eligible customer has right to chose the manner of electricity supply service that includes the fact that eligible customer may decide upon:
 - a) using its right to chose and sign the contract on supply service with the supply service providers of its choice
 - b) not using its right and is supplied as tariff customer by tariff customers' supply service provider
 - c) to be again supplied as tariff customer, after it has previously used its right to chose and was supplied as eligible customer.

Eligible Customer's Rights

- In the case when eligible customer is directly connected to transmission network has no possibility to purchase necessary electricity quantity, it has possibility of electricity supply, for the missing part by the tariff customers' supply service provider on regulated tariff rates, if there is possibility of determination of calculation elements, what shall be confirmed by BRP and ISO.
- The eligible customer has right to be supplied by an SLR in the case when its supply service provider terminates its operation, as defined in Article 15 of this Rule.

- The level of electricity market opening can be calculated from the ratio of sum of annual customers' consumption that have used their right of free choice of electricity supplier (eligible customers) and total consumption of electricity in the certain market, on annual level. This percentage ratio is calculated with the following equation:

$$SOT = \frac{\sum_{j=1}^m GP_j}{\sum_{i=1}^n GP_i}$$

GP j – annual electricity consumption of individual eligible customer,

m – total number of electricity eligible customers,

GP i – annual electricity consumption of individual customer (eligible or tariff) and

n – total number of all electricity customers (eligible and tariff)

- In Bosnia and Herzegovina, until present day, three electricity customers have obtained the status of eligible customer, in accordance with the Rule on Obtaining Status of Eligible Customer and these are: in federation BiH- Aluminij d.d. Mostar and B.S.I. d.o.o. Jajce and in RS – SHP Celeks a.d. Banja Luka.

Planned annual electricity consumption (2007) of specified eligible customers in B&H are submitted as follows:

Aluminij d.d. Mostar: 1.865,88 GWh

B. S. I. d.o.o. Jajce : 182,50 GWh

SHP Celeks a.d. Banja Luka 31,71 GWh,

what makes total of 2. 080,09 GWh.

Total planned annual electricity consumption (2007) for all customers, eligible and tariff ones, are planned as follows :

FBiH: 8.030,80 GWh,

RS: 3.363,00 GWh,

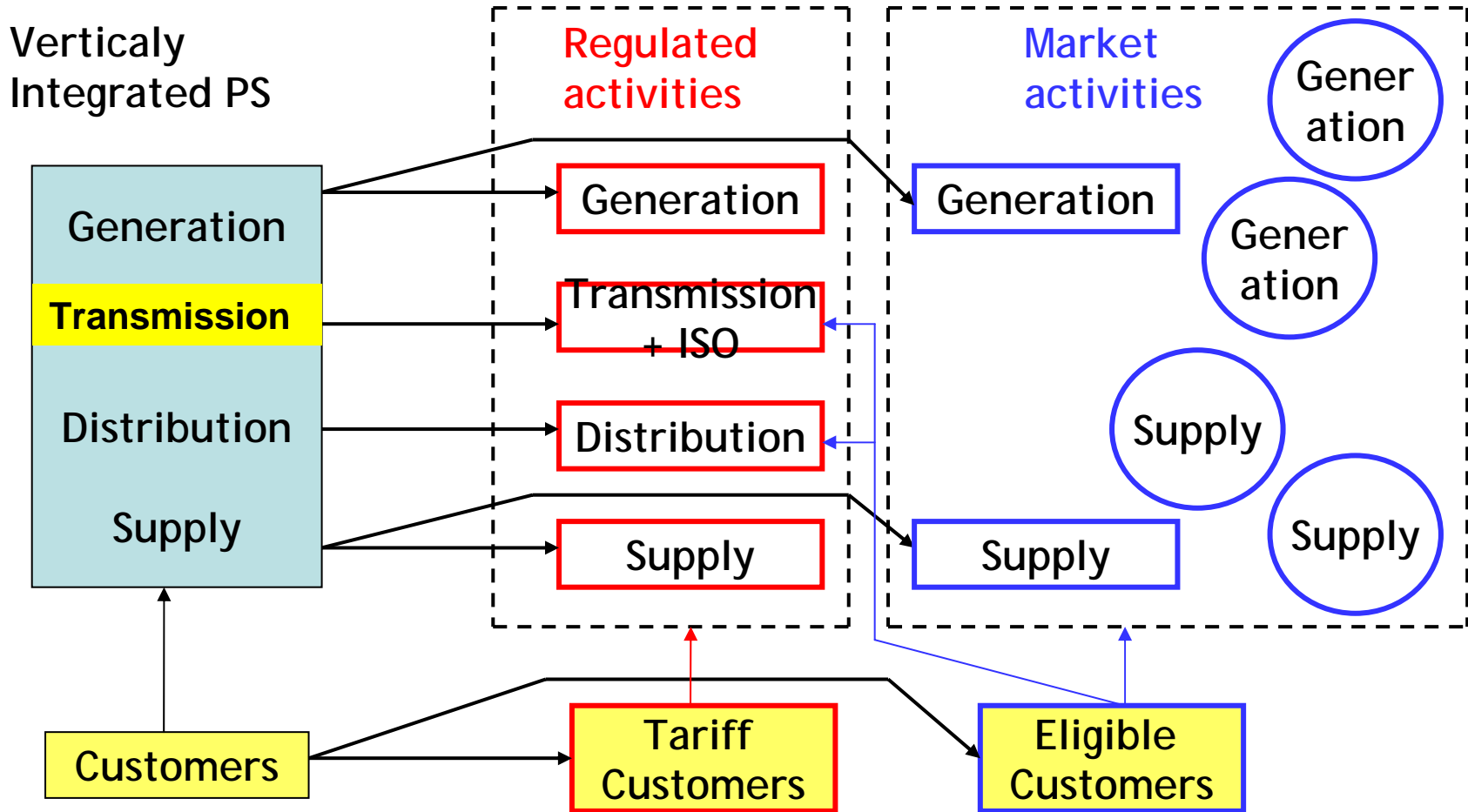
BiH: 11.393,80 GWh.

The level of market opening (LMO),

**in Bosnia and Herzegovina 18,256%,
in Federation of Bosnia and Herzegovina 25,507%.**

Electricity Suppliers in B&H





Electricity Market Liberalization What should we expect?

- Competition and risks
- Uncertain revenues
- Generator has no influence on the market price
- Investment Criterion: maximum profit, not minimum cost

Thank you for your kind attention !

Regulatory Commission for Electricity in Federation B&H
FERK

www.ferk.ba
kontakt@ferk.ba

Blajburških žrtava 33
88000 Mostar