

Pursuant to Article 4.2, 4.7 and 7 of the Law on Transmission, Regulator and System Operator of Bosnia and Herzegovina ("Official Gazette of BiH", no. 7/02 and 13/03), Article 33 of the Rule of Practice and Procedure of SERC ("Official Gazette of BiH", no. 2/05) and Article 16 and 38 of the Licensing Rule ("Official Gazette of BiH", no. 38/05), the State Electricity Regulatory Commission, at its session held on June 28, 2007, rendered

## **DECISION**

### **ON ISSUANCE OF LICENSE FOR THE ACTIVITY OF THE INDEPENDENT SYSTEM OPERATOR**

1. The license shall be issued to the "Independent System Operator in Bosnia and Herzegovina" Sarajevo for the performance of the independent system operator activity.
2. The license from Item 1 of this decision shall be issued for the period from July 1, 2007 to July 11, 2012.
3. Licensing Conditions for performance of the ISO activity shall be part of the license.
4. This decision shall come into force on the day of issuance and shall be published in the "Official Gazette of BiH" and official gazettes of the Entities.

#### *Statement of Rationale*

The "Independent System Operator" Sarajevo (hereinafter: ISO BiH) is established in accordance with the Law Establishing an Independent System Operator for the Transmission System of Bosnia and Herzegovina ("Official Gazette of BiH", no. 35/04, hereinafter: the ISO Law). The purpose of the ISO establishment, its functions and authorities are determined by Article 5.2 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina ("Official Gazette of BiH", no. 7/07 and 13/03, hereinafter: the Law on Transmission) and Article 2 and 7 of the ISO Law.

Since July 12, 2005 ISO BiH has been a user of the *temporary license* for the performance of the ISO activity, registration number: 05-28-164-8/05 issued for the period of two years. Fulfilling its obligation in accordance with Article 38 para 2 of the Licensing Rule („Official Gazette of BiH", no. 38/05) to apply with SERC for the license which replaces the temporary license within six months from the day of the registration in the Register of Legal Persons, in this context the ISO BiH filed the application under no.: 05-28-007/06 of January 11, 2006. The application is filed on the forms prescribed by SERC.

Pursuant to Article 7 of the Law on Transmission, a SERC license is required for the ISO activity, while the applicant is obligated to meet conditions and criteria for obtaining of the license which are determined by SERC rules and regulations.

While reviewing the completeness of the filed application, on two occasions SERC informed the applicant of the application's shortcomings by its acts no: 05-28-007-2/06 of February 7, 2006 and no. 05-28-007-06 of September 21, 2006 and requested that the application be supplemented in accordance with Article 18 and 19 of the Licensing Rule. Following the warnings received, ISO BiH submitted additional documentation by its letters no.: 1592706 of September 5, 2006 and no: 2307/06 of October 2006.

Having reviewed the documentation submitted additionally, SERC concluded that all relevant documentation had been submitted which may help SERC understand, consider and render a decision upon the filed application and, pursuant to Article 8, para 2 of the Licensing Rule, it informed the applicant accordingly by its act no. 05-28-007-8/06 of October 24, 2006. In this

procedure SERC accepted the applicant's statement expressed in the letter no. 2309/06 of October 5, 2006 that the Business Plan would be ready by the end of 2006 and subsequently submitted to SERC. The continuation of the procedure confirmed this.

Having reviewed and checked all the documents with regards to their formal elements, SERC was able to address the application. First, in accordance with its obligation from Article 10 of the Licensing Rule, on November 14, 2006 SERC published a public notice in daily newspapers and on its internet site summarizing the license application and determined the deadline for the submission of public comments on the filed license application and of applications for the intervener status by November 30, 2006.

SERC concluded that there were no comments on the application filed for the issuance of the license nor did any person express his/her interest to participate in the procedure in the intervener capacity.

SERC verified correctness of the data, documents and information enclosed to the application, and established that they were correct and complete and provided sufficient evidence on technical, legal, financial, organizational, personnel and other possibilities, capacities and abilities of the applicant to fulfill of the criteria, conditions and standards prescribed by law and SERC rules and regulations for issuance of the license. Therefore, SERC prepared *the Draft Licensing Conditions for Usage of the License for Performance of the Independent System Operator Activity*.

As of June 6, 2007 this document has been available to the applicant as well to any other interested member of the public, and they were also given an opportunity to give their comments at the general hearing held on June 14, 2007 at the SERC seat in Tuzla. At the hearing ISO BiH gave the comments which had been subsequently considered, and by its letter no: 05-28-007-14/06 of June 19, 2007 SERC submitted to the applicant the Report on the General Hearing and the Proposal of the Licensing Conditions in accordance with Article 16 of the Licensing Rule.

SERC enabled the applicant to provide its final comments on these documents as well by June 26, 2007. By its act no: 2017/07 of June 26, 2007 the applicant confirmed the Proposal of the Licensing Conditions in accordance with Article 16 of the Licensing Rule.

In accordance with the aforementioned, it has been decided as described in the disposition of the decision.

Pursuant to Article 9.2 of the Law on Transmission, Regulator and System Operator of Bosnia and Herzegovina, proceedings may be initiated before the Court of Bosnia and Herzegovina by filing a lawsuit within sixty (60) days from the day of publishing this decision.

No: 05-28-007-16/06

June 28, 2007

Tuzla

Chairman of the Commission

Vladimir DOKIĆ, M.A.