

Pursuant to Articles 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, 13/03, 76/09 and 1/11), Article 33 of the Rule of Practice and Procedure of the SERC („Official Gazette of BiH“, no. 2/05), Articles 3, 6 and 8 of the of Rules on issuance of temporary licenses for performance of activities of electricity distribution and supply in Brčko District of Bosnia and Herzegovina number: 05-28-12-009/11 of January 12, 2011 and Articles 16 and 38 of the Licensing Rule („Official Gazette of BiH“, no. 38/05), the State Electricity Regulatory Commission, at its session held on January 19, 2011 adopted

DECISION

ON ISSUANCE OF TEMPORARY LICENSE FOR THE ACTIVITIES OF ELECTRICITY DISTRIBUTION AND SUPPLY IN BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA

1. The temporary license shall be issued to the Public Utility Company “Komunalno Brčko” d.o.o., Brčko District BiH for performance of activities of electricity distribution and supply in the area of Brčko District of Bosnia and Herzegovina.
2. The temporary license from Item 1 of this decision shall be issued for the period from January 19, 2011 to January 18, 2013.
3. Licensing Conditions for performance of the activities of electricity distribution and supply shall be part of the license.
4. This decision shall come into force on the day of adoption and shall be published in the “Official Gazette of BiH” and official gazettes of the Entities.

Statement of Rationale

Pursuant to *the Decision on the Formation of the Public Company “Komunalno Brčko” d.o.o., Brčko Distrikt BiH* (“Official Gazette BD BiH”, no. 20/07, 21/07, 24/08 and 33/09), “Komunalno Brčko” d.o.o., Brčko District BiH (hereinafter: Komunalno Brčko or the applicant) is obligated to enable distribution of electricity and supply users of the system and customers with electricity in its area of responsibility, and perform all these activities in line with a license issued by SERC.

Pursuant to Article 7 of *the Law on Transmission, Regulator and System Operator of Bosnia and Herzegovina* („Official Gazette of BiH“, no. 7/02, 13/03, 76/09 and 1/11 – hereinafter: the Law on Transsmision), Komunalno Brčko is obligated to obtain the license for performance of these activities in accordance with the criteria determined by SERC rules and regulations.

The application of Komunalno Brčko filed in the prescribed application forms with data, information and the relevant documents, submitted under number 05-28-12-017/11 of January 17, 2011, was resolved pursuant to provisions of *the Rules on issuance of temporary licenses for performance of activities of electricity distribution and supply in Brčko District of Bosnia and Herzegovina* number: 05-28-12-009/11 of January 12, 2011 and *the Licensing Rule* („Official Gazette of BiH“, no. 38/05) in accordance with the shortened procedure without a public hearing, in line with *the Scheduled Plan of Activities* determined by the Conclusion number 02-28-357-1/10 of January 5, 2011 and with the knowledge of and in cooperation with the applicant.

Having checked all technical, legal and financial abilities of the applicant, taking into consideration the reality and the circumstances that the applicant performed the activities of

electricity distribution and supply in the territory of Brčko District of Bosnia and Herzegovina under conditions of incomplete regulation in this field, that the applicant was founded as a legal person performing power related activities in Brčko District BiH by a special decision and that by the issuance of the temporary license the applicant shall be able to performed the registered activities in the single power system of BiH as a licensed entity, taking into account the applicant's specificities in the initial period of functioning during which the applicant will be gradually capacitated to meet all requirements of the licensee as determined by the Licensing Conditions, and pursuant to enlarged competences of the State electricity Regulatory Commission with regard to regulation of issues which should enable adequate supply of Brčko District with electricity, it was decided as stated in the disposition of this Decision.

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

Number: 05-28-12-017-1/11

January 19, 2011

Tuzla

Chairman of the Commission

Mirsad Salkić