

Pursuant to Articles 4.2 and 4.7 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BiH, 7/02, 13/03, 76/09 and 1/11), Article 33 of the Rule of Practice and Procedure of SERC (Official Gazette of BiH, 2/05) and Article 51, paragraph 8 of the Licensing Rule - Consolidated Version (Official Gazette of BiH, 63/16), At the initiative of the State Electricity Regulatory Commission, at its session held on 16 May 2019 the State Electricity Regulatory Commission adopted a

DECISION
ON SUSPENSION OF TEMPORARY LICENCE FOR PERFORMANCE OF THE
INTERNATIONAL ELECTRICITY TRADING ACTIVITY

1. The temporary licence for performance of the international electricity trading activity issued to the Company "Vitol Adriatik", d.o.o. Sarajevo pursuant to the Decision number 05-28-12-400-17/17, shall be suspended due to specific violations of the provisions of the license conditions.
2. The licence referred to in point 1 of this Decision shall be suspended as of 15 April 2019 until further notice.
3. The Company "Vitol Adriatik" is not obligated to pay the regulatory fee during the suspension.
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 of the State Electricity Regulatory Decision (SERC) number 05-28-12-400-17/17 of 13 March 2018, the Company "Vitol Adriatik", d.o.o. Sarajevo was granted a temporary license for performance of the international electricity trading activity with the term from 24 March 2018 to 23 March 2020.

Article 17 paragraph 3 of the Licensing Rule – Consolidated Version prescribes the obligation to pay the regulatory fee during the term of the licence. Consequently, in accordance with the Decision on payment of regulatory fee for 2019 number 05-28-12-370-7/18 of 18 December 2018, the licensee was ordered to pay the regulatory fee for 2019 in an amount of 26,000.00 BAM in advance on a quarterly basis in four equal portions. The same Decision specifies 31 January 2019 and 31 March 2019 as the deadlines for payment of the obligation for the first and second quarter of 2019 respectively, in line with the dynamics specified by the rules for the payment of this obligation. However, the licensee did not fulfil this obligation either within the given deadline or afterwards.

The licensee's proxy addressed SERC by a letter of 12 April 2019, which was received on 15 April 2019 under number 05-28-12-174-1/19, informing SERC that the licensee ceased its business operations as of 1 April 2019 and that a proposal to initiate the liquidation procedure was submitted to the relevant court. The relevant documents supporting these facts were enclosed to the letter. In the same letter SERC was asked for information on the activities to be undertaken with the aim of revoking the licence and the obligations with regard to the payment of regulatory fee taking into consideration the fact that the licensee ceased its business operations. Upon the request for this information, in its act of 29 April 2019 SERC informed the

licensee's proxy of the necessary activities and the amount of debt but the obligation pertaining to the regulatory fee was not fulfilled.

Taking into account that the licensee ceased its business operations and the liquidation procedure was initiated before the relevant court, which was also confirmed by non-performance of the licensed activity as of 1 April 2019, as well as the fact that SERC was informed of the cessation of the licensee's business operations on 15 April 2019, SERC is of the opinion that there are no obstacles to suspend the licence retroactively, i.e. as of 15 April 2019 as the day when the information on the cessation of business operations became known. This opinion is also supported by the fact that the licence suspension starting on 15 April 2019 is in the interest, not to the detriment, of the licensee.

Taking into consideration SERC powers prescribed by rules to suspend a license without holding a public hearing in case of a specific violation of the provisions of the license conditions, including the failure to pay the regulatory fee, pursuant to Article 51 paragraphs 8 7 and 8 of the Licensing Rule – Consolidated Version, it was decided as provided in the disposition of this Decision.

Pursuant to Article 9.2 of the Law on Transmission of Electric Power, 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 of receipt of the decision.

Number: 05-28-12-174-4/19

16 May 2019

Tuzla

Chairman of the Commission

Milorad Tuševljak