

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, 13/03, 76/09 and 1/11), Article 33 of the Rule of Practice and Procedure of the State Electricity Regulatory Commission (“Official Gazette of BiH”, no. 2/05) and Article 16 of the Licensing Rule (“Official Gazette of BiH”, no. 38/05), the State Electricity Regulatory Commission, at the session held on January 27, 2011 rendered

DECISION

ON ISSUANCE OF LICENSE FOR ACTIVITY OF INTERNATIONAL TRADE IN ELECTRICITY

1. The license shall be issued to the Company “KORLEA” d.o.o. Mostar for the performance of the activity of international trade in electricity.
2. The license from Item 1 of this Decision shall be issued for the period from April 1, 2011 to March 31, 2016.
3. Licensing Conditions for the Performance of the Activity of International Trade in Electricity shall be part of the license.
4. This decision shall come into force on the day of its issuance and shall be published in the “Official Gazette of BiH” and official gazettes of the Entities.

Statement of Rationale

“KORLEA” d.o.o. Mostar (hereinafter: the applicant) filed with the State Electricity Regulatory Commission (hereinafter: SERC) the application for the issuance of the license for international trade in electricity registered under number: 05-28-12-254/10 of September 24, 2010.

The applicant is an owner of the initial, i.e. temporary, license for the performance of the activity of international trade, recorded in the Licensing Register of this Commission under the registration number: 05-28-254-14/08 of March 25, 2009, which expires on March 31, 2011. Pursuant to Article 38 of the Licensing Rule (“Official Gazette of BiH”, no. 38/05), no later than 180 days before the expiry of the temporary license or a deadline determined by a separate SERC decision, the license owner is obligated to file an application for the issuance of a new license. The application shall be decided upon in accordance with SERC rules and regulations and 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).

The application is submitted in a timely manner, on the prescribed forms with a proof of previously paid application fee and relevant documents which, enclosed to the application or submitted to SERC later upon a SERC request, enabled SERC to understand, consider and decide upon the filed application. In this context, pursuant to Article 8, paragraph 2 of the Licensing Rule, SERC informed the applicant accordingly by its act number: 05-28-12-254-4/10 of October 7, 2010.

Having reviewed and checked all the formal elements of the application, first of all in accordance with its obligation from Article 10 of the Licensing Rule, on October 11, 2010 SERC published a short public notice in daily newspapers and on its web site, summarizing the application and determining the deadline for submission of public comments on the filed license application until October 25, 2010.

SERC concluded that the public had not submitted any comment on the application filed for the issuance of license nor had any person expressed the interest to participate in the procedure in the capacity of the intervener upon the SERC public invitation.

The applicant fulfills indisputably all the criteria, conditions and standards prescribed by law and SERC rules and regulations to perform international trade in electricity.

Its technical, legal and financial capabilities had been constantly proven during the past two years of use of temporary license, during which the applicant was proving that it was performing the activity of international trade in electricity in accordance with the Law on Transmission, Regulator and System Operator of Bosnia and Herzegovina, complying with all applicable international agreements and treaties signed by BiH related to international trade, respecting the Market Rules and Grid Code, technical and commercial standards, treating market participants in a fair and non-discriminatory manner, without conducting any non-competitive activities, without abusing the market power and without manipulating the electricity market, applying the prescribed tariffs in its transactions and paying the regulatory fee regularly.

Monitoring of all aspects of compliance of the applicant's activities with the conditions of the initial, i.e. temporary, license in the period of its preparation, provided sufficient evidence to SERC to initiate the preparation of the initial version of the new Licensing Conditions for the Performance of the Activity of International Trade in Electricity which would be valid for five years. As of November 27, 2010 this document was made available to the applicant as well as all other interested members of the public who were also provided with an opportunity to give their comments during a general hearing held on December 1, 2010 at the SERC seat in Tuzla with previous publication of an adequate notice in daily newspapers and publication of the documents on the SERC web site.

As there were no comments during the general hearing which would instigate any changes to the conditions for use of the license, the proposal for granting of the license was prepared and submitted to the applicant by the SERC act number: 05-28-12-254-17/10 of December 6, 2010. The applicant did not provide any comment within the given deadline until December 14, 2010 either, which made grounds for the conclusion that it considered that the proposal was prepared in accordance with the Law on Transmission, Regulator and System Operator of Bosnia and Herzegovina and secondary legislation dealing with the matters concerned.

Having reviewed the status of implementation of all components which are crucial for the issuance of the license, SERC was provided with convincing indicators that the applicant has ensured resources, organized conditions and established professional standards to continue to perform the same activity.

In accordance with the all aforementioned facts and also taking into account the evidence that the applicant had been previously granted the second tier license for performance of the activities of electricity supply in the territory of BIH by the Regulatory Commission for Electricity in the Federation of Bosnia and Herzegovina registration number: 06-03-309/9/11 of October 1, 2009, SERC decided as stated in the disposition of this Decision.

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

Number: 05-28-12-254-18/10

Chairman of the Commission

January 27, 2011

Tuzla

Mirsad Salkić