

Pursuant to Article 4.2 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina (Official Gazette of BiH, 7/02, 13/03, 76/09 and 1/11) and Articles 28, 28a, 28b and 33 of the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services – Consolidated Text (Official Gazette of BiH, 93/11 and 61/14), at the session held on 28 June 2016, the State Electricity Regulatory Commission adopted

DECISION
ON AMENDMENTS TO THE DECISION ON DETERMINATION OF
COEFFICIENTS AND PRICE CAPS FOR ANCILLARY SERVICES

Article 1

Article 2 of the Decision on determination of coefficients and price caps for ancillary services (Official Gazette of BiH, 41/15 and 92/15) shall be amended to read:

“The coefficients and price caps for secondary control capacity and energy shall be determined as follows:

- Price coefficient for secondary control capacity amounts to 1.2
($k_{SecCap} = 1.2$),
- The base price for secondary control capacity amounts to 25 KM/kW/month
($p_{BaseSecCap} = 25 \text{ KM/kW/month}$), so that
- The price cap for secondary control capacity for each month amounts to 30 KM/kW/month
($p_{MaxSecCap} = 30 \text{ KM/kW/month}$),
- Coefficient of charges for non-provided secondary control capacity amounts to 1.1
($k_{PenSecCap} = 1.1$),
- Difference in prices of energy for upward and downward secondary control amounts to 40 KM/MWh
($S = 40 \text{ KM/MWh}$).

Article 2

The last sub-paragraph of Article 3 shall be amended to read:

- The price cap for upward tertiary control energy amounts to 475.55 KM/MWh
($p_{MaxTerEnUp} = 475.55 \text{ KM/MWh}$)”.

Article 3

(Entry into Force)

The Decision shall enter into force on the day of the adoption while it shall be applied as of 1 July 2016.

The statement of the Decision shall be published in the Official Gazette of BiH and official gazettes of the Entities and Brčko District of BiH.

Statement of Rationale

The price caps for ancillary services are determined in accordance with the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services (hereinafter: the Tariff Methodology).

After five month of implementing the new BiH power system balancing model, there arose the need to adapt the level of price caps for ancillary services to the conduct of participants and trends present in the market during the observed period.

As the provision of necessary scopes of secondary reserve is crucial for the efficient power system balancing, the price adaptation for the provision of this service was done to this end. Namely, in the previous period an average level of secondary reserve provision amounted to 66.6%, which is considerably higher than in the period before the introduction of the new Concept of the power system balancing but still insufficient having in mind the importance of providing necessary scopes of this service. With the aim of providing incentives to service providers, the price for providing the secondary reserve service has been raised. Furthermore, with the aim of relaxing the position of service providers with the energy price formation in secondary regulation, the level of value S defining the difference in prices of energy for upward and downward secondary control has been changed by increasing it to 40 KM/MWh.

Pursuant to Article 28c, Paragraph (4) of the Tariff Pricing Methodology, the price cap for balancing energy for upward tertiary control equals five times the value of the reference price of electricity in the market (p_{MR}). As the value of the reference price of electricity in the market, within the meaning of Article 31, Paragraph 4 of the Tariff Pricing Methodology, amounts to 95.11 KM/MWh, that is, 48.63€MWh, the price cap for upward tertiary control energy amounts to 475.55 KM/MWh (243.14€MWh).

Depending on developments in the balancing market, the possibility of changing the price caps is allowed.

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28 June 2016
Tuzla

Chairman of the Commission
Milorad Tuševljak