

Pursuant to Article 4.8 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 Article 28d. of the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services – consolidated version (Official Gazette of BiH, 93/11, 61/14 and 95/16) at its session held on 27 March 2019, the State Electricity Regulatory Commission adopted a

DECISION

ON AMENDMENT TO THE DECISION ON TARIFFS FOR SYSTEM AND ANCILLARY SERVICES

Article 1

Article 2 paragraph (1) of the Decision on tariffs for system and ancillary services (Official Gazette of BiH, 8/19) is amended to read as follows:

“(1) The tariff for system service shall be set to the amount of 0.4632 fening/kWh.”.

Article 2

This Decision shall enter into force on the day of its adoption and it shall be applied as of 1 April 2019.

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

Statement of Rationale

The tariffs for system and ancillary services were set in the tariff proceedings initiated at the request of the Independent System Operator in Bosnia and Herzegovina (hereinafter: ISO BIH) No. 87/18 of 26 October 2018 (received on 30 October 2018 under No. 04-28-5-427-1/18), by the adoption of the Decision on tariffs for system and ancillary services No. 04-28-5-427-52/18 of 24 January 2018.

Article 28d of the Tariff Pricing Methodology for services of electricity transmission, independent system operator and ancillary services defines the method of determining the system service tariff and its adjustment. The ISO charges the system service tariff to all licensed entities taking over electricity from the transmission system.

Since the middle of 2017, an upward trend in wholesale electricity prices has been evident which caused an increase in ancillary services prices in the procurement procedures both for 2018 and 2019. The increased costs of ancillary services procurement, consequently, caused the reduction of financial account surpluses for all services in the preceding period. Under these circumstances, with a view to avoiding price hikes, the State Electricity Regulatory Commission opted for a gradual increase in the tariff for system service. While passing the Decision on tariffs for system and ancillary services of 24 January 2019, it was concluded that revenues and expenditures depend on a large number of factors such as the physical scope of transmission losses, the scope of provided ancillary services compared to the planned one, prices of control energy and its activation, prices and scopes of imbalances, and it was specified that the application of the tariff would be continuously monitored as well as trends in revenues and expenditures and the situation on the electricity balancing market, and announced that the system service adjustment would be initiated when deemed appropriate.

As a negative balance of services in the power system balancing mechanism was registered in the first two months of 2019 amounting to 2.017 million BAM, it was necessary to initiate the

tariff system adjustment, taking into account the planned costs of procurement of ancillary services and electricity to cover losses in the transmission system in the period III-XII 2019 as well as the volumes of energy withdrawn in the same period, in accordance with the 2019 Balance prepared by the ISO BiH.

The calculation of tariff is based on offers and results of the completed bidding procedures of the ISO BiH, taking into consideration the probability of realisation of costs of procuring secondary and tertiary reserve capacity based on data from the preceding period as well as the trend in revenues and expenditures in the period from January 2016 to February 2019, presented through the balance of services, in accordance with the following table:

1.	Secondary reserve (BAM)	9,519,860
2.	Upward tertiary reserve (BAM)	4,671,247
3.	Downward tertiary reserve (BAM)	119,977
4.	Total amount for secondary and tertiary reserve (BAM) 1.+2.+3.	14,311,084
5.	Total amount for losses in the transmission system (BAM)	40,893,240
6.	Total planned costs for the period III-XII 2019 (BAM) 4.+5.	55,204,324
7.	Balance of services in 2016 (BAM)	9,532,807
8.	Balance of services in 2017 (BAM)	4,826,023
9.	Balance of services in 2018 (BAM)	-10,021,408
10.	Balance of services in the period I-II 2019 (BAM)	-2,017,206
11.	Balance of services in the previous period (BAM) 7.+8.+9.+10.	2,320,216
12.	Revenue based on balance of imbalances and balancing energy (BAM)	7,083,333
13.	Total for calculation of tariff for system service (BAM) 6.-11.-12.	45,800,775
14.	Energy (kWh)	9,887,600,257
15.	Tariff for system service (fening/kWh)	0.4632

Taking into account the aforementioned, with the aim of achieving the balanced ratio of the revenues based on the tariff for system service and expenditures based on payments for procurement of ancillary services and energy to cover losses in the transmission system, and revenues and expenditures based on the balancing energy and deviations of the balance responsible parties, the tariff for system service is adjusted to the value of 0.4632 fening/kWh.

SERC will continue to monitor the developments on the balancing market and initiate the adjustment of the tariff for system service on a needs basis.

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 against a decision on approval of tariffs by filing a lawsuit within sixty (60) days from receipt of this decision.

Number: 04-28-5-427-69/18
27 March 2019
Tuzla

Chairman
Milorad Tuševljak