

Pursuant to Article 4.2 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) and Article 36 of the Rules of Procedure of the State Electricity Regulatory Commission (Official Gazette of BiH, 2/05), at the session held on 11 May 2022, the State Electricity Regulatory Commission passed a

DECISION

ON APPROVAL OF THE INVESTMENT PLAN OF ELEKTROPRENOS BIH FOR 2022

1. The Investment Plan of Elektroprenos Bosne i Hercegovine a.d. Banja Luka (Company for Transmission of Electric Power in Bosnia and Herzegovina) for 2022 shall be approved (hereinafter: the Investment Plan).

The total value of approved investments amounts to BAM 329,469,863.

2. The Investment Plan includes the structure and implementation schedule of planned investments with sources of funding.

The value of individual investments and unit costs of equipment and works are not the subject of consideration by the State Electricity Regulatory Commission (SERC).

3. The Investment Plan shall be implemented in a transparent manner in line with the procedures specified in rules on public procurement.
4. SERC shall monitor the implementation of the Investment Plan in line with its powers.
5. This decision shall come into force on the day of adoption while the operative part thereof shall be published in the *Official Gazette of BiH* and the official gazettes of the Entities and the Brčko District of BiH.

Statement of Rationale

By its decision number UO-23-5/2022 of 13 April 2022 the Steering Committee of Elektroprenos Bosne i Hercegovine a.d. Banja Luka adopted the Investment Plan of Elektroprenos BiH for 2022, which was submitted to SERC on 18 April 2022 for approval.

It is specified in point 3.24 of the Licence Conditions for performance of the electricity transmission activity that based on the long-term transmission network development plan Elektroprenos BiH develops the annual investment plan and submits it to SERC for approval by the end of November for the following year.

Having noted that the Investment Plan was submitted with a five-month delay, SERC pointed out that in the specific case the Long-Term Transmission Network Development Plan for the Period 2022 – 2031 had not been previously developed and submitted, as the basis and framework for planning and implementation of individual investment projects. The pace of the electricity sector development imposes the necessity to permanently analyse and update on an annual basis the criteria for defining the investment structure through the long-term plan, with the aim of directing and implementing the individual investments as foreseen by investment plans on the identified priorities.

The value of approved investments totals BAM 329,469,863 and covers the planned investments for the system reinforcement, the creation of technical conditions in the network for the connection of new generation facilities, the construction of new power facilities as well as rehabilitation and reconstruction of the existing ones. The Investment Plan includes the

structure, implementation schedule of planned investments and sources of funding for all investment projects which provides the sufficient grounds for their full implementation in line with the implementation schedule without any further delay.

SERC did not consider the value of individual investments and unit costs of equipment or works, which are included in the Investment Plan, taking into account the volatility and the global trend of price increase in raw materials, individual equipment and works, but SERC expects that its implementation would be carried out in a transparent manner in line with the mandatory rules governing the issues of public procurement in Bosnia and Herzegovina.

Starting from the previously identified problems affecting the security of supply which were emphasised by SERC several times, primarily the multiannual problem of too high voltage levels in the transmission network, by approving the submitted document SERC endeavours to enable the Company to find a final solution to this problem and implement other prioritised projects of importance for the stability of the Bosnia and Herzegovina electric power system.

While considering the submitted Investment Plan, it is the position of SERC that the primary goals are the security of electricity supply, creation of prerequisites for the connection of new generation facilities, that is, the transmission network development and optimisation, and that SERC conduces to and supports Elektroprenos BIH in the implementation thereof by approving the submitted document. In light of the importance of these goals and the necessity to implement the planned projects, SERC expects that the final choice for the funding thereof (loans or own funds) will be optimal and cost-effective.

The pace of legislation developments in the European Union and the Energy Community, alongside the implemented and expected adoption of a new legal framework in Bosnia and Herzegovina, and the necessity of creating technical prerequisites for the secure supply of electricity and connection of new generation facilities, together with the fact of availability and operability of funds for the planned investment projects, provide sufficient grounds for SERC to approve the submitted document, expecting its implementation within the planned framework.

SERC will monitor the implementation of the projects included in the Investment Plan and act in line with its powers given by law.

Number: 05-28-16-109-2/22

11 May 2022

Tuzla

Chairwoman of the Commission

Branislava Milekić