

Pursuant to Articles 4.2, 4.3 and 7 of the Law on Transmission, Regulator and Electricity System Operator in Bosnia and Herzegovina ("Official Gazette of BiH" No. 7/02, 13/03, 76/09 and 1/11), Article 14 of the Statute of the State Electricity Regulatory Commission ("Official Gazette of BiH" No. 41/03, 58/04 and 2/10) and Article 50 of the Procedural Rules of the State Electricity Regulatory Commission ("Official Gazette BiH" No. 2/05), the State Electricity Regulatory Commission, at the session held on 10 October 2012, adopted

LICENSING RULE

I GENERAL PROVISIONS

Article 1

(Subject)

- (1) This Rule shall define the procedure and criteria for granting of a license by SERC, including the procedure for filing an application, a review of the application and the granting of licenses and the basic criteria for approval or rejection of the application for granting the license, and its content and licensing conditions.
- (2) The Rule shall define the manner of modification, suspension, and revocation of the license, as well as procedures for sale, granting, lease or transfer of the license.
- (3) The licensing procedure shall be public and led in a non-discriminatory and transparent manner in accordance with criteria that are objective and known to the public.

Article 2

(Definitions)

Definitions and abbreviations that are used in this Rule, including those from the Law and SERC Procedural Rules shall be the following:

'Law' shall mean Law on Transmission, Regulator and Electricity System Operator in Bosnia and Herzegovina ("Official Gazette BiH", No. 7/02, 13/03, 76/09 and 1/11),

'Law on Transco' shall mean Law on Establishment of the Company for Transmission of Electric Power in Bosnia and Herzegovina ("Official Gazette BiH", No. 35/04 and 76/09),

'Law on ISO' shall mean the Law Establishing an Independent System Operator in BiH for the Transmission System of Bosnia and Herzegovina ("Official Gazette BiH", No. 35/04);

'Procedural Rules of SERC' shall mean procedural rules of the State Electricity Regulatory Commission,

'Rule on Hearing Procedures' shall mean the rule of SERC in accordance with which public hearings are held,

'SERC' shall mean the State Regulatory Commission for the Electricity in Bosnia and Herzegovina,

'FERC' shall mean the Regulatory Commission for Electricity of the Federation of Bosnia and Herzegovina,

'RERS' shall mean the Regulatory Commission for Energy of Republika Srpska,

'ISO' shall mean the Independent System Operator for the transmission system operation in Bosnia and Herzegovina,

- ‘Transmission’** shall mean transport of electricity via the high voltage inter-connected system for delivery to end users, distribution companies and neighboring electricity systems,
- ‘Distribution’** shall mean transmission of electricity via mid- and low-voltage distribution systems for the purpose of its delivery to customers,
- ‘Generation’** shall mean generation of electricity by hydropower plants, thermal power plants and other power plants which are connected to the transmission or distribution network, as well as generation for self-consumption,
- ‘Supply’** shall mean supply and/or sale of electricity to clients,
- ‘Trading’** shall mean purchase and sale of electricity,
- ‘International Trading’** shall mean purchase, sale or delivery of electricity where one of the locations of purchase, sale or delivery is outside of Bosnia and Herzegovina,
- ‘Purchase of electricity for self-consumption’** shall mean purchase of electricity at the market by any eligible customer for the needs of consumption at facilities, based on which he/she has been granted such status,
- ‘Public Service’** shall mean the service available at all times to all customers and energy entities at a regulated price and according to regulated conditions for access and utilization of the service, taking into consideration safety, regularity and quality of the service, environmental protection, energy efficiency and climate protection, and which shall be performed in accordance with the principles of transparency and monitoring by bodies as determined by the Law,
- ‘Public hearing’** shall mean any hearing organized by SERC, open to the public, and which may be general, formal or technical.
- ‘License’** shall mean the document issued by SERC which shall authorize the licensee to perform the activity specified in the license under conditions prescribed in the licensing conditions,
- ‘Licensee’** shall mean a person, who holds at least one of the licenses as defined in Article 4 of this Rule,
- ‘Person’** shall mean any natural or legal person with any type of ownership and organization,
- ‘Applicant’** shall mean any person filing an application for issuance of a license in accordance with this Rule and the Law,
- ‘Trader’** shall mean any legal person dealing with electricity trading,
- ‘Supplier’** shall mean any legal person dealing with supply,
- ‘Eligible customer’** shall mean any customer who shall be free to purchase electricity from suppliers at his/her own choice, in accordance with the Law,
- ‘Construction’** shall mean construction of a new power facility for generation of electricity,
- ‘Construction permit’** shall mean a document issued by SERC allowing a legal or natural person to construct a new power facility or make major reconstruction of an existing power facility for electricity generation in the area of Brčko District BiH,
- ‘Major reconstruction’** shall mean reconstruction of a power facility for generation of electricity which changes the capacity of that facility,

Article 3
(Licensing)

- (1) Any legal or natural person performing the activity of transmission of electricity, independent system operator, international electricity trading, international electricity trading for self-consumption as well as any legal or natural person seated in Brčko District BiH performing the activity of distribution, supply of non-eligible customers with electricity and trade and supply with electricity in the territory of BiH, and any legal or natural person having a generation facility in Brčko District BiH for the activity of electricity generation shall have the relevant license granted by SERC pursuant to the Law and this Rule.
- (2) In the area of Brčko District BiH, the activities of trade and supply of eligible customers with electricity can be performed by any legal or natural person owning the relevant license issued by RERS or FERC pursuant to their jurisdictions.
- (3) A license for trading and supply of electricity in the territory of BiH issued by SERC to a person seated in Brčko District BiH shall be valid in the territory of BiH.
- (4) Any legal or natural person shall obtain a permit for construction of a power facility issued by SERC before the commencement of construction or major reconstruction of the power facility for generation of electricity in the area of Brčko District BiH.
- (5) The licensing application shall be considered by SERC, in accordance with the criteria as referred to in the Law and this Rule. When interpreting these criteria, SERC shall act with the view to create conditions for unlimited and free trade and continuous supply of electricity with defined quality standards to the benefit of BiH citizens, and the creation of the electricity market.
- (6) The license applicant shall have the obligation to prove that it meets all criteria for license issuance and to comply with all licensing conditions.
- (7) SERC shall include in the license all conditions necessary to ensure the fulfillment of objectives stated in the Law, this Rule and other SERC documents.

Article 4
(Types of Licenses)

- (1) SERC shall grant the following licenses within its competence:
 - a) License for transmission of electricity;
 - b) License for the activity of the Independent System Operator,
 - c) International trading license
 - d) International electricity trading license for self-consumption.
- (2) In addition to the licenses referred to in Paragraph (1) of this Article, in accordance with its jurisdictions with regard to Brčko District BiH, SERC shall also issue the following licenses, i.e., permits:
 - a) License for trade and supply with electricity in the BiH territory,
 - b) License for supply of non-eligible customers with electricity,
 - c) Electricity distribution license,
 - d) Electricity generation license for facilities with installed capacity exceeding 1 MW,

- e) Permit for construction of power facilities with installed capacity exceeding 1 MW.

Article 5

(Term of the License)

- (1) The license shall be issued for a defined time period, not shorter than 5 and not longer than 40 years.
- (2) The applicant may state in his/her application the period of time for which the license shall be requested.
- (3) SERC shall decide on the term of the license, and when deciding on the term, besides the proposal of the applicant, SERC shall use the following non-binding norms:
 - a) License for electricity transmission – 25 years,
 - b) License for ISO activities – 7 years,
 - c) International trading license – 5 years,
 - d) International electricity trading license for self-consumption – 5 years
 - e) License for trade and supply with electricity in the BiH territory – 5 years,
 - f) License for supply of non-eligible customers with electricity – 5 years,
 - g) Electricity distribution license – 25 years but no more than 30 years,
 - h) Electricity generation license – 25 years but no more than 30 years,
 - i) Permit for construction of power facilities – six years.
- (4) When deciding on a license application submitted to SERC for the first time and in other justified cases, SERC may issue a temporary license for a period up to two years, in order to collect data necessary for granting the license for a longer period during the term of the temporary license.
- (5) SERC may include in the licensing (permit) conditions the conditions which enable SERC to extend the term, and may order the licensee to continue to provide compensated services temporarily if exigencies require, despite the expiry date of the license.
- (6) The validity of the permit for construction of a power facility shall cease if construction or works do not start within the deadline as specified in the permit.
- (7) The deadline referred to in Paragraph (6) of this Article shall not be shorter than six months or longer than two years.

II PROCEDURE FOR FILING LICENSE APPLICATION

Article 6

(Applicant)

The license applicant may be:

- a) for the electricity transmission licenses – “Elektroprenos BiH” established in accordance with the Law on Transmission, Regulator and System Operator in BiH and the Law on Establishment of the Company for the Transmission of Electric Power in Bosnia and Herzegovina,
- b) for the license for activities of the Independent System Operator – “Independent

- System Operator” established in accordance with the Law on Transmission, Regulator and System Operator in BiH and the Law Establishing an Independent System Operator for the Transmission System in Bosnia and Herzegovina,
- c) for the international trading license - all persons registered for electricity trading if they meet conditions for engagement in electricity trading prescribed by the Law and this Rule
 - d) for the international electricity trading license for self-consumption – any customer directly connected to the transmission network,
 - e) for the license for trade and supply with electricity in the BiH territory – persons seated in Brčko District BiH dealing with electricity generation or electricity trading, and which are unbundled from distribution companies,
 - f) for the license for supply of non-eligible customers with electricity – Public Utility Company “Komunalno Brčko” d.o.o. Brčko District BiH,
 - g) for the electricity distribution license – Public Utility Company “Komunalno Brčko” d.o.o. Brčko District BiH, and
 - h) for the electricity generation license – any person whose generation facility is located in the area of Brčko District BiH.

Article 7

(Filing an Application)

- (1) The applicant shall file an application in the manner, format and application form as defined by SERC.
- (2) Application forms can be obtained on the SERC web site or at the SERC seat.
- (3) The application with attachments shall be filed in writing, verified and signed by the applicant, and submitted by mail, in person or in another appropriate manner. All documents from the application shall also be submitted electronically as determined by SERC. It shall be required to attach to the application a statement confirming that the documents submitted in the electronic form fully correspond to the submitted original.
- (4) The applicant shall submit with the application evidence on payment of the application fee prescribed by the separate SERC decision.
- (5) The applicant shall be required to sign a statement on accepting the obligation to pay a regulatory fee, as well as a statement that the information submitted to SERC is true and correct to the best of his/her knowledge.
- (6) SERC shall consider the license application only if the application is complete and includes all requirements referred to in Paragraphs (3) and (4) of this Article.
- (7) If the applicant intends to perform more licensed activities, s/he will be required to file a separate application for each activity.
- (8) If the applicant files applications for granting the license for trade and supply in the BiH territory and the license for international electricity trading, SERC may conduct a single procedure.

Article 8

(Completeness of the Application)

- (1) SERC shall determine if the application is complete and filed in accordance with the provisions of this Rule no later than 30 days from the day of receipt of the application.

- (2) After the received application is checked, SERC shall submit to the applicant a written notice on the completeness of the application or required additions.
- (3) If it is established that the application is not complete, SERC shall specify the shortcomings thereof in the notice referred to in Paragraph (2) of this Article, and determine a deadline during which the applicant shall remove them.
- (4) If the applicant does not complete the application within the deadline referred to in Paragraph (3) of this Article, by its conclusion SERC may refuse the application as incomplete.
- (5) The completeness of the application shall be determined by a conclusion in an internal SERC meeting.

Article 9

(Requests for Additional Information)

- (1) During the procedure for establishing facts on fulfillment of requirements prescribed for granting the license, SERC shall be entitled to verify all the information, and examine premises, facilities and equipment, documentation, as well as to ask for additional information at any time from the moment of the filing of the application until a final decision has been reached, as well as during the term of the license.
- (2) The applicant shall be required to cooperate with SERC and submit the data and the information referred to in Paragraph (1) of this Article within the deadline determined by SERC.

III PROCESSING OF THE APPLICATION AND DECISION-MAKING

Article 10

(Publication of the Application)

- (1) After the completeness of the application is confirmed, SERC shall issue a short public notice in print media and on its web site, presenting a summary of the license application.
- (2) The notice shall also contain the manner in which interested parties may obtain information as well as instructions to the interested parties for submitting written comments on the license application.
- (3) The deadline for the submission of written comments shall be 15 days upon the issuance of the public notice.
- (4) The public notice shall contain both criteria for acquiring the intervener status and information on when and how to submit applications for acquiring the intervener status.

Article 11

(The Role and Responsibility of Intervener)

- (1) SERC may grant the intervener status to any person who proves that his/her interest in the licensing procedure differs from the general public interest. In certain cases, SERC may limit the extent of participation of interveners.
- (2) In the case referred to in Paragraph 1, the intervener shall be allowed to participate in the procedure, testify and request information from the applicant through SERC.

- (3) Written or verbal statements of the intervener at hearings for the granting of the license and accurateness and correctness of data provided therein shall be true and correct to the best of the intervener's knowledge.

Article 12

(Cooperation with Other Regulatory Commissions)

SERC shall exchange necessary information with FERC and RERS on submitted license applications and rulings upon them, as well as on issues of regulatory monitoring and fulfillment of the licensing conditions.

Article 13

(Preparation of the License Draft)

- (1) Following the procedure for review of the completeness of the application filing referred to in Article 8 of this Rule, SERC shall verify correctness of data, documents and information submitted with the application.
- (2) On the basis of the processed application referred to in Paragraph (1) of this Article, and after the assessment of public comments on the summary of the license application, SERC shall decide in the form of a conclusion whether a hearing should be held before a recommendation is prepared concerning a draft of the license or a proposal for refusal of the license.
- (3) If there is no need to hold the public hearing referred to in Paragraph (2) of this Article, SERC shall prepare a draft license or a proposal for refusal of the license.
- (4) With regard to the international trading license, SERC may adopt standardized licensing conditions.
- (5) In addition to standardized conditions, if adopted, SERC, at its discretion, shall decide if the adoption of additional conditions is needed.
- (6) In the licensing procedure a draft decision on granting of the license shall be referred to the public hearing.

Article 14

(Public Hearing)

- (1) In any phase of the licensing procedure, SERC may conduct a public hearing in accordance with the Procedural Rules and Rules of Hearing Procedures of SERC.
- (2) SERC shall determine the type of the hearing, which may be general, formal or technical.
- (3) No later than five (5) working days before the public hearing, SERC shall issue a public notice on any public hearing concerning licenses, and invite interested parties to provide their comments on the draft of the license.

Article 15

(Formal Hearing)

A formal hearing shall be held only when it is necessary to resolve disputable issues in the licensing procedure.

Article 16
(Decision-Making)

- (1) Following completion of the hearing, a proposal of a decision on granting of the license shall be prepared, including all supporting documents.
- (2) A copy of the proposal of the decision on the license application shall be submitted to the applicant and the intervener. The applicant and the intervener may provide their comments on the proposal no later than 8 days after receiving the proposal. For the purpose of the efficiency of the procedure, the applicant may give a statement waiving the right to provide comments at a public hearing at which there were no comments.
- (3) After the deadline for receiving of public comments, SERC shall discuss the proposal of the decision at an internal meeting.
- (4) A SERC decision on the license application shall be made at a regular session of SERC.
- (5) The deadline for issuance of a final decision upon the license application shall depend on the complexity of the application, during which SERC shall respect the principle of efficiency.
- (6) The decision on the license application, unless another date is determined, shall enter into force on the day of the adoption.
- (7) The decision of SERC on the license application shall be submitted to the applicant and the intervener and published pursuant to Article 62 of this Rule.

Article 17
(Regulatory Fee)

- (1) The amount of regulatory and application fees per type of the license shall be established by the separate decision of SERC.
- (2) The application fee shall be paid before filing the license application.
- (3) The regulatory fee shall be paid during the term of the license, as well as in the case of extension of the license as referred to in Paragraph (5) Article 5, of this Rule.

IV CONTENT OF THE LICENSE APPLICATION

Article 18
(Basic Documents)

- (1) The license application shall be submitted in the form prescribed by SERC, and the following documents must be attached:
 - a) Excerpt from the relevant registry of legal persons,
 - b) Evidence of or a certificate on tax registration,
 - c) Statute or foundation act,
 - d) Organizational structure and number of employees,
 - e) Audited financial annual statements for previous three years for the existing companies and the initial balance sheet for newly formed companies,
 - f) Business plan for the following three years,
 - g) List of fixed assets as per depreciation groups and the last annual statement of depreciation,

- h) Certificate from the relevant court confirming that the bankruptcy or liquidation procedure has not been initiated against the applicant,
 - i) Certificate from the relevant court confirming that the criminal proceedings have not been initiated against the applicant and his/her proxy,
 - j) Certificate from the relevant authority confirming that a security measure or a protective measure banning the performance of a business, activity or duty for which the license is required or which is related to the licensing is not imposed on the applicant and his/her legal proxy,
 - k) Statement on opened transaction accounts at commercial banks and the bank certificate on their status (the bank certificate of the status assumes the scope of transaction on the account in the past month as well as indicators of possible freezing of the account),
 - l) Certificate from an independent institution for accrediting on the quality insurance system or plan and the time schedule of activities for introduction of such system;
 - m) Statement on the status of compliance with all regulations pertaining to the environment and the implementation thereof,
 - n) Statement confirming that the applicant will comply with market rules,
 - o) Statement on the existing licenses granted by or license applications submitted to FERC or RERS, as well as to any other regulatory body outside of BiH,
 - p) Any other information deemed by SERC as necessary for the decision making process at any phase of the proceedings.
- (2) All documents shall be attached as originals or certified copies, and any certification and statements shall not be older than 60 days.

Article 19

(Additional Documents to the Application for the License for Transmission of Electricity)

Along with the required documents stated in Article 18 of this Rule, the following documents shall be attached to the license application for transmission of electricity:

- a) Technical data on the network and facilities owned by the applicant and used for the activity of electricity transmission with data on the permits on use,
- b) Technical data on the network and facilities, which are not the property of the applicant, but which are used for the purpose of conducting electricity transmission activities, including details on ownership of the aforementioned assets and the legal grounds for the use thereof,
- c) Layout map and block functional scheme of the electricity transmission network,
- d) Specification and technical characteristics of metering devices at the electricity delivery points,
- e) List of communication assets used for performance of the core activity of the applicant with specified ownership thereof,
- f) Plan for construction of new facilities and major reconstruction of the existing ones for the next three years,
- g) Extract or a summary of the plan for maintenance of power facilities for the next three years,

- h) Overview of customers directly connected to the transmission network with their consumption in the last three years,
- i) Overview of maintenance of facilities for the last three years,
- j) Overview of the manner of monitoring of the accompanying transmission network and an overview of the manner of operation of specific high voltage transmission facilities that are not required to allow free electricity flows from significant power sources through the interconnected transmission system, and that are potentially granted to the applicant for management by ISO,
- k) List and description of software functions required for performance of the core activity which the applicant has at his/her disposal, and
- l) Statement on capability and readiness to meet obligations pertaining to the public service.

Article 20

(Additional Documents to the Application for the License for Activities of the Independent System Operator)

Along with the required documents stated in Article 18 of this Rule, the following documents shall be attached to the license application for activities of the independent system operator:

- a) Methodology and the criteria for network operation with the functional scheme of activities,
- b) List of communication assets used for performance of the core activity of the applicants with specified ownership for those assets,
- c) List and description of functions of software required for performance of the core activity which the applicant has at his/her disposal,
- d) Overview and timeline of development of technical and commercial rules necessary for unhindered performance of activities by the Independent System Operator,
- e) Overview and timeline of signing contracts with other entities in BiH, or abroad necessary for performance of activities by the Independent System Operator,
- f) Overview and summary of international organizations in which the applicant wishes to participate or is obligated to participate,
- g) Document on authorizations potentially given to the relevant parties which are involved in the transmission activities for operation of certain high-voltage transmission devices which do not require the enabling of free electricity flow from major energy sources through interconnected transmission network, and
- h) Statement on capability and readiness to meet obligations pertaining to the public service.

Article 21

(Additional Documents to the Application for the International Trading License)

Along with the required documents as referred to in Article 18 of this Rule, the following documents shall be attached to the license application for international trade in electricity:

- a) The current trading, generation or supply license issued by FERC, RERS or SERC if the applicant is already a participant in the domestic electricity market or the evidence that the applicant has applied for that license,

- b) Evidence of the applicant's solvency,
- c) Evidence on equity of the applicant with an overview of owners or shareholders with a share higher than 5%,
- d) Statement of commercial bank or another organization on readiness to provide financial guarantees or the performance guarantees on the amount of planned or contracted transaction (suitability and quality of the guarantee shall be evaluated by SERC),
- e) The applicant's statement on accepting standardized licensing conditions, and
- f) Applicant's information on electricity markets outside BiH in which the applicant operates (if the applicant also performs the activities abroad).

Article 22

(Additional Documents to the License Application for International Electricity Trading for Self-Consumption)

The applicant shall attach the documents referred to in Items a)-c), h)-j), m)-p), Paragraph (1) of Article 18, and Items b), c) and d), Paragraph (1) of Article 21, of this Rule to the license application for international electricity trading for self-consumption.

Article 23

(Additional Documents to the License Application for Trading and Supply with Electricity in the BiH Territory)

The following documents shall be attached to the license application for trading and supply with electricity in the BiH territory:

- a) Evidence of the legal ground for the use of business premises,
- b) Description of computer equipment required for the performance of this activity, and
- c) Intended annual scope of electricity supply/trading.

Article 24

(Additional Documents to the License Application for Supply of Non-Eligible Customers with Electricity)

Along with the required documents as referred to in Article 18 of this Rule, the following documents shall be attached to the license application for supply of non-eligible customers with electricity:

- a) Description of information and communications technologies used for the performance of the activity,
- b) Intended annual scope of supply with electricity,
- c) Number and structure of electricity customers,
- d) Map of the area in which the activity is performed, and
- e) Forms and rules used for the performance of the activity.

Article 25

(Additional Documents to the License Application for Electricity Distribution)

Along with the required documents as referred to in Article 18 of this Rule, the following documents shall be attached to the license application for electricity distribution:

- a) List of power facilities with basic technical parameters,

- b) Map of the electric network,
- c) Number and structure of distribution network users per voltage levels and consumption categories,
- d) Minutes and decisions of the relevant inspections in the last three years,
- e) Points of electricity takeover in the transmission network or exchange with the neighboring distribution areas,
- f) Historical overview of consumption of the distribution area with a projection for the forthcoming period, and
- g) Typical load chart for electricity takeover points.

Article 26

(Additional Documents to the License Application for Electricity Generation)

Along with the required documents as referred to in Article 18 of this Rule, the following documents shall be attached to the license application for electricity generation:

- a) map indicating locations of facilities used for electricity generation,
- b) Environmental permit,
- c) Concession contracts if facilities are built based on that principle,
- d) Contract for connection to the distribution or transmission network, and
- e) Technical data on generation units, facility and installation as well as the legal grounds for the use thereof.

Article 27

(Confidential Information)

- (1) All parties involved in the procedure for granting the license shall keep confidentiality of all required data and information for which it is confirmed that they are considered trade secrets or confidential information, except in cases where such information shall be published in accordance with law.
- (2) SERC shall determine whether confidential information submitted by the applicant as part of the application should be available to other parties.
- (3) Data obtained during the license application procedure may be used only for the purpose of granting the license and its monitoring.
- (4) Each party that has access to the data and information which is known to be confidential shall be obligated to protect confidentiality of these data or information, except in cases where it is required by law to submit such data or information.
- (5) SERC shall lay down regulations on handling confidential information in separate rules.

V CRITERIA FOR LICENSING

Article 28

(General Criteria)

- (1) The general criteria for licensing, shall, inter alia, be based on the following:
 - a) Security of transmission network, installations, and adjacent equipment,
 - b) Protection of public health and security,

- c) Environmental protection,
 - d) Land usage and location,
 - e) Public property usage,
 - f) Energy efficiency,
 - g) Criteria that particularly refer to the applicant, such as technical, economical and financial capability, and
 - h) Capability and readiness to meet all obligations which refer to the public service.
- (2) SERC shall consider that the criteria referred to in Paragraph (1) of this Article, as well as other criteria, are fulfilled if the applicant proves that:
- a) He/she shall fulfill conditions of safety by providing evidence that all of his/her buildings, facilities and activities possess necessary permits and fulfill all applicable standards,
 - b) He/she shall submit the statement on harmonization of normative acts with all regulations related to environmental protection and their implementation, as well as on fulfillment of all determined criteria for environmental protection and for keeping permanent control over environmental impact,
 - c) Public property, including land, shall be used with due attention to the extent to which the permission for usage of such property has been issued, and the applicant has demonstrated sufficient right and entitlement to use private property involved in the project,
 - d) He/she shall comply his/her activities with all regulations related to energy efficiency,
 - e) He/she shall fulfill all applicable technical criteria for facilities, installations, devices and equipment used to perform the activity,
 - f) He/she has proved financial capacity and/or provided appropriate financial guarantees of performance to assure that license will fulfill all licensing conditions,
 - g) He/she shall have sufficient number of employees with the relevant professional degree to perform the activities,
 - h) The organizational structure of the applicant shall provide the quality performance of the licensed activity;
 - i) He/she shall submit the statement on capability and readiness to fulfill all duties which relate to the public service,
 - j) He/she has not experienced license termination of the same type by any regulatory commission within the last ten years prior to submitting the license application,
 - k) The bankruptcy or liquidation procedure has not been initiated against him/her,
 - l) The criminal proceedings have not been initiated against him/her and his/her proxy,
 - m) A security measure or a protective measure banning the performance of a business, activity or duty for which the license is required or which is related to the licensing is not imposed on him/her and his/her legal proxy,
 - n) He/she has proved capability to provide accounting statements in the form and with details required by SERC, and

- o) He/she is ready to comply with all proposed licensing conditions, which shall be included in the license.

Article 29

(Specific Criteria)

In addition to the general criteria for issuance of the license referred to in Article 28 of this Rule, the applicant for any specific type of the license shall fulfill specific criteria related to the license for which he/she has applied.

Article 30

(Specific Criteria for Issuance of the License for Transmission of Electricity)

The criteria specific for the license for transmission of electricity shall be the following:

- a) Usage of the electricity network with the appropriate characteristics for safe and reliable transmission of electricity,
- b) Possession and implementation of the plan for regular maintenance of the facilities, and
- c) Proved financial and technical ability for dismantling and/or removing of all the facilities in accordance with the technical requirements for the environment after the expiry of the license, and in cases as listed in the license.

Article 31

(Specific Criteria for Issuance of the License for Performance of the Activities of the Independent System Operator)

The criterion specific for issuance of the license for the activities of the independent system operator shall be the ability to adequately perform the function of an independent system operator in accordance with law.

Article 32

(Specific Criteria for Issuance of the International Electricity Trading License)

The criteria specific for issuance of the international electricity trading license shall be the following:

- a) The possibility of obtaining adequate financial guarantees and guarantees for performance of the given business activity has been confirmed,
- b) The applicant has given the statement that he/she will comply with market rules,
- c) The applicant has given the statement that he/she will accept standardized licensing conditions,
- d) Capital in the amount of at least one million KM has been registered and paid, and
- e) The applicant has provided the evidence that the preconditions for issuance of the relevant license by FERC or RERS have been fulfilled prior to the commencement of the activity of the international trading in accordance with the SERC license.

Article 33

(Specific Criteria for Issuance of the International Electricity Trading License for Self-Consumption)

The criteria specific for issuance of the license for international electricity trading for self-consumption shall be the following:

- a) The possibility of obtaining adequate financial guarantees and guarantees for performance of the given business activity has been confirmed,
- b) The applicant has given the statement that he/she will comply with market rules.

Article 34

(Specific Criteria for Issuance of the License for Trading and Supply with Electricity in the BiH Territory)

The criteria specific for issuance of the license for trading and supply with electricity in the BiH territory shall be the following:

- a) The possibility of obtaining adequate financial guarantees and guarantees for performance of the given business activity has been confirmed,
- b) The applicant has given the statement that he/she will comply with market rules,
- c) Capital in the amount of at least one (1) million KM has been registered and paid, and
- d) The activity of the applicant is not linked to the activity of electricity distribution.

Article 35

(Specific Criteria for Issuance of the License for Supply of Non-Eligible Customers with Electricity)

The criteria specific for issuance of the license for supply of non-eligible customers with electricity shall be the following:

- a) The applicant has established an efficient communication system with customers, and
- b) The applicant has established an efficient system of accounting, billing and collection of electricity.

Article 36

(Specific Criteria for Issuance of the License for Electricity Distribution)

The criteria specific for issuance of the license for electricity distribution shall be the following:

- a) The applicant is an owner or conscientious possessor of the distribution network in the area in which the activity is performed,
- b) He/she fulfils conditions for safe operation of distribution facility and installations,
- c) The applicant complies with all rules pertaining to the environment,
- d) The applicant is an owner or conscientious possessor of metering devices in all locations for electricity takeover and delivery,
- e) The applicant has adequate human and material resources for the maintenance of the distribution network used by him/her, and
- f) The applicant has established an efficient and reliable procedure for reading of metering devices and passing on consumption data to the supplier.

Article 37

(Specific Criteria for Issuance of the License for Electricity Generation)

The criteria specific for issuance of the license for electricity generation shall be the following:

- a) The applicant is an owner or conscientious possessor of a power plant or facility for electricity generation,
- b) The applicant fulfills the conditions for safe operation of the power plant and the facility,
- c) The applicant has the necessary permits required by this Rule and law,
- d) The applicant has concluded a connection contract for the distribution or transmission network, and
- e) The applicant has a permit for the use of the generation facility.

Article 38

(Reasons for Rejection or Refusal of the License Application)

SERC shall reject or refuse the license application in the following cases:

- a) If the application is incomplete, and requested data are not submitted after expiration of the deadline for filing the complete application,
- b) If the application has been filed by an unauthorized person,
- c) If applicant fails to demonstrate that it meets the criteria for granting the license,
- d) If submitted data on financial and technical capacities are not a sufficient guarantee that the applicant shall perform the requested activity in an appropriate manner,
- e) If the applicant has a history of criminal or civil adjudications for fraud, financial impropriety in the criminal proceedings, or serious violations of licensing conditions in the electricity markets inside and outside of BiH,
- f) If a security measure or a protective measure banning the performance of a business, activity or duty is imposed on the applicant or any of the applicant's management members in accordance with law,
- g) If the applicant does not prove that he/she fulfills all license criteria and conditions which are deemed by SERC as necessary to meet the objectives of the Law,
- h) If the previous records on applicant's licenses do not justify renewal of the license,
- i) If, when extending the license, in the previous period the applicant did not submit requested data to SERC, which relate to the previously issued license,
- j) If the applicant did not pay the application or regulatory fee to SERC for the previously issued license, and
- k) If a bankruptcy or liquidation procedure has been initiated against the applicant.

VI FORM AND CONTENT OF THE LICENSE

Article 39

(Form of the License)

- (1) The license shall be issued in the form defined by SERC.
- (2) Licensing conditions shall be an integral part of the license.

Article 40

(Content of the License)

The following information contained in the license shall be mandatory:

- a) Activity for which the license is issued,
- b) Register number of the license,
- c) Date of the granting of the license,
- d) Name and address of the headquarters of the licensee,
- e) Tax identification number of the licensee, and
- f) Term of the license.

Article 41
(Content of Licensing Conditions)

Licensing conditions shall contain, but shall not be limited to:

- a) Request to the licensee to permanently work towards fulfillment of the conditions prescribed by the general and specific criteria for the granting of the license as defined by this Rule,
- b) Possibility of re-opening of the license during the term of the license at the request of the licensee or at the initiative of SERC in order to change the conditions of the license due to the significant changes in legal or factual circumstances,
- c) Obligation to constantly prove financial capability and stability of the licensee,
- d) Provisions on obligations of the licensee to comply with regulations pertaining to international trade, to follow changes of international technical requirements related to electricity trading and to harmonize its operations with the changes,
- e) Provisions on the quality of services,
- f) Request for establishment of the code of ethics and the obligation to comply therewith,
- g) Obligations related to the accounting standards of the licensee,
- h) Obligation to protect customers which shall be used to ensure fair and equal treatment, high quality of services, competition and prevention of anti-competitive activities,
- i) Obligation to comply with the Grid Code and Market Rules,
- j) Principles of control and monitoring of performance of the licensed activity by SERC,
- k) Obligation to regularly deliver data to SERC in a manner and form prescribed by SERC,
- l) Obligation to deliver data at the separate SERC request,
- m) Obligations to provide the public service in order to assure the continuous supply with electricity of eligible and non-eligible (tariff) customers,
- n) Obligation to report to SERC on disputes before the relevant courts with regard to the licensed activity,
- o) The manner of dispute resolution, and
- p) Any other condition or requirement that SERC deems important to meet the objectives of law and SERC regulations.

Article 42
(Content of Licensing Conditions Specific for Certain Licenses)

The license for electricity transmission and the license for the activity of the Independent System Operator shall contain conditions which shall provide access to the transmission

network to competitive suppliers of electricity and shall provide fulfillment of the conditions in line with law and regulations of SERC.

Article 43

(Specific Licensing Conditions for Transmission of Electricity)

Besides the content referred to in Articles 41 and 42 of this Rule, licensing conditions for the electricity transmission shall contain, but shall not be limited, to the following:

- a) Provisions which shall provide equal access to the electricity transmission network to all electricity suppliers, which have physical access to the system,
- b) Obligation to obey the applicable tariffs,
- c) Obligation to obey provisions which relate to the technical standards, commercial code and the grid code,
- d) Obligation to plan the system expansion (including interconnectors) in order to meet the needs of the customers,
- e) Obligation to comply with quality standards for the electricity supply, regulation of voltage and improvement of characteristic parameters for the quality of services provided to the system users by the licensee,
- f) Tabular overview of licensee's facilities with which the licensee performs the licensed activity,
- g) Tabular overview of the facilities which are not owned by the licensee, and which are used for performance of the licensed activity,
- h) Permission for performance of electricity transmission and transmission related activities in the territory of BiH by using the facilities from the previous tabular overviews,
- i) Criteria under which the licensee may perform the transmission activity and transmission related activities in the neighboring electricity networks,
- j) Provisions on prohibition of activities of generation, supply, trade or distribution of electricity, or any other activity which is outside the scope of the transmission or transmission-related activities, without an explicit approval of the SERC, in accordance with the Law on Establishment of the Transmission Company,
- k) Obligation of the licensee to have separate accounts for the transmission activity and other activities in the manner and within the scope specified in the conditions,
- l) Obligation of the licensee not to make any modifications of the network which may influence the compatibility of the network with generators, distribution and neighboring networks as well as the facilities which are the property of third persons, thus affecting security and safety of supply,
- m) Obligation of the licensee to manage, maintain (including repairing and replacing if needed) and protect the network in order to provide adequate, efficient, reliable and safe transmission of electricity,
- n) Obligation to harmonize planning of development of its network with other networks and the neighboring systems,
- o) Obligation to design, build and use facilities and lines in such a manner so that the effect of their usage shall not harm the health of the population of the affected area, and which shall as least as possible alter the environment and the value of the landscape,

- p) Obligation to obey the rules or standards approved by SERC, which relate to the safety zone,
- q) Obligation to have an appropriate accounting system and prepare it in accordance with the specified principles, and
- r) Provisions that prohibit quitting or changing the licensed activity or a transmission asset without a prior approval by SERC.

Article 44

(Specific Licensing Conditions for Activities of Independent System Operator)

Beside the content referred to in Article 26 of this Rule, licensing conditions for the activities of the independent system operator shall contain, but shall not be limited to the following:

- a) Provisions enabling equal access to the transmission network to all electricity suppliers, which have the possibility of access to the system,
- b) Obligation to obey the applicable tariffs,
- c) Obligation to comply with provisions on the technical standards, commercial and grid code,
- d) Obligation to plan the system expansion (including interconnectors) in order to meet the needs of the customers,
- e) Obligation to comply with quality standards for the electricity supply, maintenance of the frequency and regulation of voltage and improvement of characteristic parameters for the quality of services provided to the system users by the licensee,
- f) Permission to perform activities of an ISO for the transmission system in BiH,
- g) Provisions on prohibition of activities of generation, supply, trade or distribution of electricity, or any other activity which is not approved by the Law on Establishment of an ISO,
- h) The manner of performing activities of operating the transmission system in order to provide reliability,
- i) Method of operating assets and devices in the central control center,
- j) Method of operating the balance market,
- k) Method of providing system and ancillary services,
- l) Obligation to develop and apply reliability standards,
- m) Obligation to develop and manage rules regulating the use of the transmission system,
- n) Obligation to develop and apply market rules which govern provisions related to system and ancillary services over the transmission system,
- o) Obligation to perform activities to the best interest of all parties in the electricity system, and
- p) Obligation to consult all licensed generators and network operators when establishing or changing operational protocols, and the method of dispatching or the system safety.

Article 45

(Specific Licensing Conditions for International Electricity Trading)

Besides the content referred to in Article 41 of this Rule, licensing conditions for international electricity trading license shall contain, but shall not be limited to the following:

- a) Permission to perform international electricity trading with the description of transactions which are allowed to be performed,
- b) Obligations to obey the market rules, commercial and grid codes,
- c) Provisions which define relations and obligations towards ISO and the Transmission Company including, but not limited to production of data, documents and other information,
- d) Provisions requiring periodic monitoring or other information concerning the status of license holder activities in other jurisdictions,
- e) Provisions prohibiting abuse of the market power, and
- f) Method of ensuring guarantees for each transaction performed.

Article 46

(Specific Licensing Conditions for the License for International Electricity Trading for Self-Consumption)

Besides the content referred to in Article 41 of this Rule, licensing conditions for the license for international electricity trading for self-consumption shall contain, but shall not be limited to the following:

- a) Authorization for the performance of the activity of international electricity trading for self-consumption with the description of transactions which are allowed,
- b) Obligation to comply with market rules, commercial and grid codes,
- c) Provisions defining relations with and obligations towards ISO and the Transmission Company, but not limited to the provision of data, documents and other information, and
- d) Provisions requiring periodical monitoring or other information on the licensee's activities in other jurisdictions.

Article 47

(Specific Licensing Conditions for the License for Trade and Supply with Electricity in the BiH territory)

Besides the content referred to in Article 41 of this Rule, licensing conditions for the license for trade and supply with electricity in the BiH territory shall contain, but shall not be limited to the following:

- a) Conditions created to enable the licensee's financial integrity and stability,
- b) Conditions defining the need for a supplier of last resort as well as the possibility of the licensee to become the supplier of last resort, in accordance with SERC decisions,
- c) Conditions defining the manner of ceasing supply,
- d) Conditions ensuring the provision of the service of electricity billing to customers in a non-discriminatory and transparent manner, and
- e) Conditions created to enable the compliance with market rules.

Article 48

(Specific Licensing Conditions for the License for Supply of Non-Eligible Customers with Electricity)

Besides the content referred to in Article 41 of this Rule, licensing conditions for the license for supply of non-eligible customers with electricity shall contain, but shall not be limited to the following:

- a) Conditions created to enable the licensee's financial capability and stability,
- b) Conditions ensuring unbundling of accounts of the licensed activity from other activities,
- c) Conditions prescribing the obligation of the provision of public service,
- d) Conditions ensuring that possible interruptions of supply are in accordance with law,
- e) Conditions ensuring the provision of the service of electricity billing to customers in a non-discriminatory and transparent manner,
- f) Conditions requiring the full compliance with all other laws and rules, including, but not limited to the tariff requirements of SERC and other relevant authorities, and
- g) Conditions banning cancellation or change of the licensed activity or any asset for this license without previous SERC approval.

Article 49

(Specific Licensing Conditions for the License for Electricity Distribution)

Besides the content referred to in Article 41 of this Rule, licensing conditions for the license for electricity distribution shall contain, but shall not be limited to the following:

- a) Conditions defining the territory in which the licensed activity is performed,
- b) Conditions created to enable the licensee's financial capability and stability,
- c) Conditions created to ensure transparent and adequate accounting methods to enable efficient regulation of tariffs,
- d) Conditions prescribing the provision of public service,
- e) Conditions ensuring the transparency of information on the use of the distribution network,
- f) Conditions ensuring non-discriminatory access of a third party to the distribution network,
- g) Condition defining the manner and rules required for connection to the distribution network,
- h) Conditions ensuring clear and transparent notification of customers on charges for connection to the distribution network,
- i) Conditions defining the possession of adequate metering devices for monitoring of consumption and quality of electricity supply,
- j) Conditions requiring the full compliance with all other laws and rules, including, but not limited to the tariff requirements of SERC and other relevant authorities,
- k) Conditions banning cancellation or change of the licensed activity or any distribution asset without previous SERC approval, and

- l) Condition obligating the licensee to realize the right to the ownership or any other legal grounds for the use of power installations, facilities and land used for the performance of the distribution activity during the given time period.

Article 50

(Specific Licensing Conditions for the License for Electricity Generation)

Besides the content referred to in Article 41 of this Rule, licensing conditions for the license for electricity generation shall contain, but shall not be limited to the following:

- a) Conditions created to enable the licensee's financial capability and stability for generation,
- b) Conditions defining the scope of possible provision of public service,
- c) Conditions requiring the licensee to provide ancillary services in accordance with available technical possibilities and technical commercial rules in the electricity market,
- d) Conditions to possess metering devices which enable the management of generation and metering of the quantity and quality of electricity delivered into the system,
- e) Conditions requiring the licensee to ensure registering and adequate analyzing of the safety and structural integrity of parameters of high dams and other construction facilities, including seismic events,
- f) Conditions requiring the licensee to ensure adequate measuring of impacts on the environment in accordance with laws on environmental protection,
- g) Conditions requiring the licensee to perform periodical detailed assessments of safety and reliability status of installations, as well as the environmental protection, and
- h) Conditions obligating the licensee to close down and/or remove all facilities and installations and reinstate the land, if the license has not been renewed or transferred.

VII PERMIT FOR CONSTRUCTION OF ELECTRICITY GENERATION FACILITIES

Article 51

(Required Documents)

The application for issuance of the permit for construction of a power facility shall be filed on the form prescribed by SERC, and accompanied by the following:

- a) Certificate from the court register or other adequate register,
- b) Certificate or evidence on tax registration,
- c) Statute or foundation act,
- d) Statement of the applicant on structures of the financing sources harmonized with the Feasibility Study or certificate of business banks that the applicant has sufficient means on his/her own and/or access to the credit means necessary for construction of the facility,
- e) Certificate from the relevant authority confirming that a security measure or a protective measure banning the performance of a business, activity or duty is not imposed on the applicant and his/her legal proxy,
- f) Feasibility study for construction of the facility and a project idea or the main project if developed,

- g) Approved study on impacts on the environment, as prescribed by law or other rules,
- h) Environmental license as stipulated by the law or other rule for the type of facility for which the license application is filed,
- i) Water management acts, as stipulated by law or other rule for the type of facility for which the license application is filed,
- j) Electric power permit for connection to the distribution network, and/or a study on the technical solution for connection and conditions for connection to the transmission network,
- k) Location conditions,
- l) Contract or other evidence on the concession granting, if the facility is built using this principle as well,
- m) Statement/certificate of the applicant on the similar power facilities for generation of electricity previously constructed or re-constructed,
- n) Statement/Certificate of the applicant on the applications submitted to and licenses granted by other regulatory commissions, and
- o) Evidence on payment of the application fee.

Article 52

(Criteria for Granting a Construction Permit)

- (1) Any legal or physical person that intends to begin construction of a new power generation facility or make a major reconstruction of the existing power generation facility in the territory of Brčko District BiH cannot begin the construction or a major reconstruction without the previously obtained permit for construction issued by SERC.
- (2) The license for construction shall be granted to the applicant that proves that:
 - a) Power facility is planned, that is, designed in a manner which does not endanger the safe operation of the power system to which it is connected,
 - b) Power facility is planned, that is, designed in a manner which does not endanger the general safety and safety of operation of the related installations and equipment,
 - c) He/she has the relevant water management acts for the power facility if required by rules regulating this field,
 - d) He/she has the relevant environmental permit for the power facility pursuant to rules regulating this field,
 - e) He/she has a contract on concession for construction of the power facility if the facility is built based on the concession,
 - f) He/she meets safety of operation requirements for the power facility related to human health,
 - g) There are no limits regarding the use of the primary energy source for generation of electricity,

- h) There are no limits regarding the determination of the site and use of the land for construction of the power facility,
- i) Power facility is planned, that is, designed in a manner that provides for a satisfactory level of the energy efficiency,
- j) On the basis of enclosed documents, it may be estimated that he/she possesses the financial stability for running a business which provides the fulfillment of the permit conditions.

Article 53

(Construction Permit Conditions)

Construction permit conditions for of the power facility may include, but shall not be limited to the conditions:

- a) That require the continuous fulfillment of the criteria referred to in Article 51 of this Rule,
- b) Related to the transparent keeping of the accounting records,
- c) That require the full compliance with all laws and regulations,
- d) Related to the obligation of the licensee to comply with the plan for disconnection of electricity without any considerable reduction of the regularity of electricity supply, while constructing or re-constructing the power facility,
- e) Regarding regulation of the property-legal relationships regarding construction of the power facility,
- f) Regarding the provision of a guarantee for an amount required for dismantling and/or removal of all facilities and waste which occurred during construction and regulation of the land pursuant to law in the case of possible interruption of works and withdrawal from construction, or if the constructed facility is used for other purposes,
- g) Under which the licensee, in the interest of Brčko District BiH, may be exempt from the obligation to dismantle and remove the facility referred to in Item f) of this Article,
- h) Introducing the obligation to provide SERC with financial, technical and other data on construction of the power facility pursuant to SERC requirements,
- i) Obligating the licensee to comply with law, applicable technical regulations and standards for construction and reconstruction of power facilities as well as the current regulations in the field of construction or reconstruction of facilities,
- j) Obligating the licensee, while constructing the facility, to comply with the principles of the environmental protection as defined by the environmental permit conditions and other regulations,
- k) Obligating the licensee to achieve energy efficiency while using primary energy sources as defined by the plan, that is, project documentation,
- l) Ensuring the confidentiality of data specified as such by the person who submitted them, as well as other data for the which the obligation to maintain confidentiality is determined by separate regulations, and
- m) Any other condition needed to meet objectives of law or SERC regulations.

VIII CHANGES OF THE LICENSE STATUS

Article 54

(Renewal of the License)

- (1) The licensee who intends to continue the licensed activity shall file an application no later than 120 days before the expiration of the license. Renewal of the license shall be done in the same manner as issuance of the license.
- (2) The application for renewal of the license shall comprise all documents as prescribed by this Rule for issuance of the license. On an exceptional basis, a written statement confirming that documents were not changed may be submitted for the documents that were not changed during the term of the license or the documents which were changed and submitted to SERC during the term of the license. The statement shall include the date of submission of documents to SERC.
- (3) If the condition referred to in Paragraph (1) of this Article is met, SERC shall decide on licensing renewal in accordance with the provisions of this Rule and submit a decision to the applicant no later than 30 days prior to the expiration date of the previously issued license.
- (4) SERC may request any holder of the license for the performance of the activity of transmission of electric power, independent system operator, distribution or supply of non-eligible customers, to continue providing services on a temporary basis, despite the expiration of the term of the license, if exigencies require.

Article 55

(Modification of the License)

- (1) SERC may re-open and modify the license at the request of the licensee or at its own initiative due to the needs caused by clear and unpredictable changes in circumstances.
- (2) The licensee shall file an application for license modification in writing, citing the part of the license wishing to modify, and supporting the application with evidence.
- (3) In case that the SERC initiates a modification of the license, the licensee shall be informed in writing of any change of the circumstances, reasons for initiating modifications and modifications themselves. Such notice shall also contain an overview of activities of SERC in the process of license modification.
- (4) The procedure for license modification shall be conducted in the same manner as the licensing procedure.
- (5) Clear and unpredictable changes referred to in Paragraph (1) of this Article, shall include, but shall not be limited, to the following:
 - a) Restructuring of the energy sector,
 - b) Change of the position and the role of the licensee, regionally and internationally,
 - c) Major changes in the legal framework, judicial decisions, events or contracts which substantially influence the licensing activities,
 - d) Change in conditions which have a great impact on performance of the licensed activity,
 - e) Financial insolvency or bankruptcy,
 - f) Changes of licensee's status or changes of important data in the relevant register

- (merging, separation, privatization),
- g) Changes which cause that the fulfillment of the licensing conditions is deemed impossible,
 - h) Repeated failure to comply with the existing licensing conditions,
 - i) Repeated complaints of users of licensee's services,
 - j) Change in SERC rules, and
 - k) Protection of the public interest.
- (6) If changes of the license are of such extent that the content of the license is substantially different, SERC shall inform the licensee that it shall be necessary to file a new licensing application during the procedure for license modification.
- (7) The change of the name, seat or address of the licensee shall not be considered a modification of the license, in which case the licensee will be enabled by a SERC decision to continue using the license under the new name, that is, at the new seat or address.
- (8) The change of a number and structure of facilities used by the licensee to perform the licensed activity that is only stated in a SERC conclusion on the status on 31 December every year, shall not be considered a modification of the license either.

Article 56

(Modification of Construction Permit)

- (1) Any modification of conditions of a permit for construction of a power facility may be approved on the basis of a licensee's application or at the SERC initiative.
- (2) The licensee's application for modification of construction permit conditions shall be filed pursuant to this Rule using the same procedure that is used for the application for issuance of a permit for construction of power facilities.
- (3) The SERC initiative for modification of the permit conditions shall be adopted in the form of a conclusion on starting the initiative at a regular session of SERC.
- (4) Modification of permit conditions may be approved only in exceptional cases for the purpose of general interest.
- (5) Costs that may occur for the user of the permit due to modification of conditions as well as general benefits and losses that are the result of modification shall be taken into account when making a final decision on modification of construction permit.

Article 57

(Suspension or Revocation of the License)

- (1) SERC may suspend the license for a definite or an indefinite period, or revoke the license permanently in the following cases:
 - a) at the licensee's request, or
 - b) if, after a hearing performed in accordance with this Rule and Procedural Rules of SERC, it is determined that:
 - 1) The licensee has failed to comply with the licensing conditions,
 - 2) The licensee has failed to submit data and information as required by SERC, ISO, the Company for the Transmission of Electric Power or the Ministry of

- Foreign Trade and Economic Relations during the term of the license,
- 3) The licensee has intentionally delivered incorrect data and information to SERC, ISO, the Company for the Transmission of Electric Power or the Ministry of Foreign Trade and Economic Relations of BiH,
 - 4) The licensee has prevented direct access to the equipment, documents or other facilities which are owned or controlled by the licensee, or the licensee does not comply with the monitoring conditions,
 - 5) The licensee has sold, granted or transferred without authorization the right to perform the licensed activities to a third party without previous SERC approval, and
 - 6) The licensee has failed to pay the regulatory fee within the deadline determined by SERC.
- (2) SERC shall initiate the suspension procedure for the license by submitting a notice to the licensee on the initiation of the procedure, along with a written statement of rationale which contains reasons for the initiation of such procedure.
 - (3) The suspension procedure shall be conducted in the same manner as the procedure for granting the license.
 - (4) Should the licensee fulfill requested conditions during the proceedings, SERC may terminate the suspension procedure.
 - (5) If SERC suspends the license for a definite period, and, subsequently, the licensee meets the requirements during the suspension period, SERC may terminate suspension, but SERC may revoke the license within six month from the day of issuance of a decision on suspension of the license if the licensee does not meet SERC requirements which are the reason for suspension.
 - (6) By revocation of the license, the licensee shall lose his/her right to re-apply to SERC for any type of licenses for the period of the following ten years.
 - (7) SERC may also conduct an emergency license suspension in case of specific violations of the provisions of licensing conditions.

Article 58

(Transfer of Authority)

After suspension or revocation of the license for the transmission of electric power, the activity of independent system operator, distribution or supply of non-eligible customers, SERC may authorize another licensee to perform the activity defined by the suspended or revoked license, using facilities, installations, and networks of the previous licensee.

Article 59

(Transfer of the License)

- (1) If the licensee wishes to sell, grant, transfer, lease or in another manner perform the transfer of his/her license, activities which are subject to the license or assets from the license, he/she must obtain permission by SERC for such transfer. Unauthorized sale, grant or transfer of the licensed activities to a third party without prior SERC transfer approval shall be the reason for SERC to suspend the existing license.

- (2) If the procedure for transfer of the license has been approved, the licensee shall be obliged to continue performance of his/her duties in accordance with the licensing conditions until the transferring procedure is completed.
- (3) The new licensee must obtain permission for transfer of the license issued by SERC, before he/she starts performing the licensed activity.
- (4) The procedure for transfer shall be conducted in the same manner as the licensing procedure. SERC shall decide whether the person to whom the license shall be transferred is able to fulfill licensing conditions.
- (5) The term of the license, as well as the content of the licensing conditions shall remain unchanged.

IX LICENSING REGISTER

Article 60

(Licensing Register)

- (1) SERC shall be obliged to keep the licensing register.
- (2) All the documents related to the granting of a license shall be entered into the register.
- (3) The documents which must be entered into the register shall be the following:
 - a) License application,
 - b) Documents attached to the application,
 - c) Conclusion confirming the completeness of the application,
 - d) Documents which relate to public hearings,
 - e) Decision on granting or revoking the license,
 - f) License with licensing conditions,
 - g) Decision on amendments and modifications, suspension or revocation of the license,
 - h) Decision on transfer of the license to a third person,
 - i) Decision referred to in Paragraph (7) , Article 55 of this Rule, and
 - j) Decision on providing services on a temporary basis referred to in Article 58 of this Rule.
- (4) SERC shall keep a summary of the register in electronic form, which shall comprise the following data:
 - a) Register number of the license,
 - b) Date of entry into the licensing register,
 - c) Name of the licensee,
 - d) Place and address of the licensee,
 - e) Date of granting the license,
 - f) Date of expiry of the license, and
 - g) Date of issuance of a decision on modifications, amendments, suspension, revocation or transfer of the license.

- (5) The Summary of the register in electronic form referred to in Paragraph (4) of this Article shall be published on the SERC web site.
- (6) The register number shall be assigned to each license issued by SERC and shall consist of:
 - a) Ordinal number of entry into the SERC Docket Book,
 - b) Number of document per classification, and
 - c) Year.

Article 61

(Register of Applications Filed)

- (1) SERC shall create a list-register of all licensing applications filed for the granting of a license, that are currently in the procedure, and that are still to be decided upon, and an estimation of the time period required to decide on every individual application. The list shall enable SERC to have a more efficient licensing procedure and shall offer information to interested parties.
- (2) The list of applications filed shall be published on the SERC web page.

Article 62

(Content of Publication in Official Gazettes)

Any decision from the field covered by this Rule shall be published in the “Official Gazette of BiH”, the Official Gazettes of the entities and on the SERC web site, and with regard to the license referred to in Paragraph (2), Article 4 of this Rule in the “Official Gazette of Brčko District BiH” as well.

X REGISTER OF ELECTRICITY TRADERS

Article 63

(Purpose of Register of Electricity Traders)

With the aim of monitoring a single electricity market in Bosnia and Herzegovina, SERC shall keep a register of all licensed electricity traders with licenses granted by the regulatory authorities in BiH (SERC, RERS, FERC) that are allowed to trade in electricity.

Article 64

(Content of Register of Electricity Traders)

- (1) The register of electricity traders shall be kept on the basis of SERC data on trading licenses and submitted data on licenses for performance of the activity of trade and supply with electricity granted by RERS or second tier supply licenses granted by FERC.
- (2) The register of electricity traders shall keep the following data:
 - a) Name of the licensee,
 - b) Address,
 - c) Date and term of the license,
 - d) License register number, and
 - e) Competent regulator that granted the license.
- (3) The register of electricity traders shall be kept in electronic form and published on the

SERC web site.

Article 65
(Reporting)

Registered traders shall submit monthly reports on realization of electricity trading in the form as prescribed by SERC.

XI REGULATORY MONITORING

Article 66
(Regulatory Monitoring Conditions)

- (1) SERC shall conduct regulatory monitoring of the licensed activity.
- (2) The licensee shall submit reports to SERC as stated in the licensing conditions or at the SERC request during the term of the license.
- (3) SERC shall perform announced and unannounced visits to licensees in the function of regulatory monitoring and conduct a regulatory inspection of facilities and documents related to the licensed activity.
- (4) SERC shall monitor all aspects of compliance of the licensee with the licensing conditions as well as with all provisions of the relevant laws and regulations of SERC.
- (5) SERC may initiate an emergency procedure as a reaction to any doubts pertaining to violation of obligations from the license it granted, at its own initiative or as a response to the request of any person.
- (6) SERC shall inform RERS and FERC of all irregularities and problems observed pertaining to the activity of traders that are granted licenses by RERS and FERC.

Article 67
(Sanctions)

- (1) Should the licensee fail to comply with the conditions of the license, permit or law, criminal provisions stipulated by law shall be applied.
- (2) SERC may submit an administrative notice to the licensee on the violation, and call him/her to an administrative settlement due to the violation of the license by the licensee before the criminal provisions are applied.
- (3) Before applying this measure, if possible, SERC shall warn the licensee in writing, and determine deadlines for removal of shortcomings.
- (4) SERC may apply provisions of Article 57 of this Rule when determining sanctions i.e. may suspend or revoke the license.

XII LEGAL REMEDY

Article 68
(Legal Remedy)

- (1) All SERC decisions on granting licenses, rejection or refusal of an application for granting a license, renewal, modification, transfer, suspension or revocation of a license shall be final administrative decisions.

- (2) It shall be possible to file a lawsuit before the Court of Bosnia and Herzegovina against the decisions referred to in Paragraph (1) of this Article, within sixty (60) days from the day of delivery of the decision.
- (3) Prior preliminary procedural decisions by SERC, a Presiding Officer, or SERC staff shall not be considered final decisions.

XIII TRANSITIONAL AND FINAL PROVISIONS

Article 69

(Annulment of Previous Rules)

On the day of entry of this Rule into force, the Licensing Rule (“Official Gazette of BiH”, No. 38/05), Rules on Issuance of Temporary Licenses for Performance of Activities of Electricity Distribution and Supply in Brčko District of Bosnia and Herzegovina (“Official Gazette of BiH”, No. 5/11) and Decision Establishing a Simplified Procedure for Issuance of International Trade Licenses for Applicants with the Eligible Customer Status (“Official Gazette of BiH”, No. 75/06 and 101/08) shall become null and void.

Article 70

(Transitional Provision)

The procedure for the granting of a license upon applications received before this Rule entered into force shall be finalized pursuant to the previously applicable rules.

Article 71

(Interpretation and Other SERC Documents)

- (1) SERC shall provide interpretation of this Rule.
- (2) If a certain issue is not included in this Rule, SERC shall decide upon its resolution in each concrete case.

Article 72

(Entering into Force)

This Rule shall enter into force on the eighth day after the publishing in the “Official Gazette of BiH” and shall also be published in the official gazettes of the entities and Brčko District of Bosnia and Herzegovina.

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10 October 2012

Tuzla

Chairman of the Commission

Milorad Tuševljak