

Pursuant to Articles 4.1, 4.2 and 5.3 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina (“Official Gazette of BIH”, number 7/02, 13/03, 76/09 and 1/11), Article 36 of the Rules of Procedure of the State Electricity Regulatory Commission (“Official Gazette of BIH”, number 2/05), at the session held on 26 March 2014, the State Electricity Regulatory Commission adopted

DECISION

DEFINING A CONCEPT OF ANCILLARY SERVICES FOR THE BALANCING OF THE POWER SYSTEM OF BOSNIA AND HERZEGOVINA

I

The Concept of Ancillary Services for the balancing of the power system of Bosnia and Herzegovina (hereinafter: the Concept of Ancillary Services) shall be defined.

II

The Concept of Ancillary Services shall be an integral part of this Decision annexed to this Decision and it shall be available at the internet sites of the State Electricity Regulatory Commission (SERC) and the Independent System Operator in Bosnia and Herzegovina (ISO BIH).

III

The Concept of Ancillary Services as defined by this Decision shall be the basis for the creation and adoption of implementation rules, regulations and decisions of the relevant bodies in the power sector in line with jurisdictions thereof, which shall ensure effective functioning of the balancing service market in the BIH power system on the basis of the Concept as of 1 January 2015.

The adoption of this Decision shall not limit any possibility to further expand the Concept of Ancillary Services.

IV

It shall be possible to test implementation rules, regulations and decisions as referred to in Item III of this Decision in a certain period before their effective application (the so-called dry run).

ISO BIH, distribution system operators and other related entities within the BIH power system shall develop information technologies and procedures required for the commencement of a dry run period.

During the dry run, SERC shall consider regular monthly reports on the implementation of the Concept of Ancillary Services which ISO BIH shall be obligated to submit on a regular basis.

The Decision shall enter into force on the day of the adoption.

Number: 04-02-1-308-19/13

26 March 2014

Tuzla

Chairman of the Commission

Mirsad Salkić

*RATIONALE
OF THE DECISION DEFINING A CONCEPT OF ANCILLARY SERVICES FOR THE
BALANCING OF THE POWER SYSTEM OF BOSNIA AND HERZEGOVINA*

Based on a number of exclusive rights and obligations of SERC to regulate ancillary services and resolve the issue of capacity overloads in the system for the transmission of electric power in accordance with Articles 4.1 and 4.2 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina as well as Article 5.3 of the same Law to approve grid codes, market rules and system operating rules and ISO BIH procedures, the Concept of Ancillary Services for the balancing of the BIH power system shall be defined by this Decision.

The adoption of the Decision takes into account the fact that the current model of the ancillary service market as regulated by the Market Rules of 2006 is not a market model of the ancillary service provision and that it seriously falls behind the real needs. Taking into account the international obligations of BIH to fully open the electricity market as of 1 January 2015, the ancillary service market design aiming at a better approach of suppliers to the market, diversified offer methods and better prices of services may not be postponed any longer, which is the reason why SERC decided to foster the functioning of the ancillary service market based on more advanced concept.

For this purpose, SERC engaged the world-renowned consulting house – DNV KEMA Energy & Sustainability/KEMA Consulting GmbH which presented the basic idea in the document: “Proposed Solutions for Improving Ancillary Services Provision and Balancing Mechanism in BIH”.

Following the assessment by SERC and ISO BIH that the document ensures stable, reliable and safe operation of the power system and fulfillment of the obligations by BIH, primarily under the Treaty Establishing the Energy Community and towards the European Network of Transmission System Operators for Electricity (ENTSO-E) and its Regional Group of Continental Europe, that is, the Control Block SHB, a joint team comprising consultants, SERC and ISO BIH elaborated the Concept of Ancillary Services for the BIH power system balancing

When elaborating the Concept, the existing data pertaining mostly to 2013 were used. Revised data will be used during the effective implementation of the Concept.

The documents prepared within the USAID “Regulatory and Energy Assistance Project” (USAID/REAP) were also used while developing the Concept.

The document is a milestone for the revision and improvement of the existing regulatory framework for the provision of ancillary services for BiH power system balancing and its operational functioning. The period before the beginning of effective implementation of the system based on the new Concept (1 January 2015) shall be seriously and responsibly used for amendments to a whole range of documents, primarily:

- Market Rules approved by a SERC decision (“Official Gazette of BiH”, number: 48/06),
- Grid Code approved by SERC decisions (“Official Gazette of BiH”, number: 48/06 and 35/11), and ISO BiH procedures and guidelines,
- Tariff pricing methodology for services of electricity transmission, independent system operator and ancillary services - revised text (“Official Gazette of BiH”, number: 93/11), and
- all other documents on a needs basis,

as well as for the adoption of all other documents about details related to the elaboration of the Concept which may have the important role in interpretation and implementation of certain segments of the Concept.

This shall not prevent or limit in any manner whatsoever any stakeholder involved in preparation, adoption or approval of or consultation in the procedures for creation and adoption of these documents to further expand the Concept on the same principles on which it has been based. These procedures will also be an opportunity to organize public hearings which should be initiated immediately and used in an efficient manner.

The procedure for revision of the existing documents and adoption of the new ones shall also be an opportunity for public consultation on the substance of the Concept.

It is the opinion of SERC that it shall be rational and useful to test implementation rules, regulations and decisions to be adopted during a six-month dry run. Therefore, priority shall be given to organizing preparations for the commencement of the dry run period (as of 1 July 2014 if possible).