

Pursuant to Article 4.2 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina (Official Gazette of BiH, 7/02, 13/03, 76/09 and 1/11) and Articles 28, 28a, 28b and 33 of the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services – Consolidated Text (Official Gazette of BiH, 93/11, 61/14 and 95/16), at the session held on 14 September 2017, the State Electricity Regulatory Commission adopted

DECISION

ON DETERMINATION OF COEFFICIENTS AND PRICE CAPS FOR ANCILLARY SERVICES

Article 1 *(Subject Matter)*

The coefficients for calculation of volumes in the ancillary service system and price caps for ancillary services for the purpose of procurement of services on the balancing market by the Independent System Operator in Bosnia and Herzegovina are determined by this Decision.

Article 2 *(Secondary Control)*

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

- Price coefficient for secondary control capacity amounts to 1.2
($k_{SecCap} = 1.2$),
- The base price for secondary control capacity amounts to 35.83 BAM/MW/h
($p_{BaseSecCap} = 35.83$ BAM/MW/h),
- The price cap for secondary control capacity for each month amounts to 43.00 BAM/MW/h
($p_{MaxSecCap} = 43.00$ BAM/MW/h),
- Coefficient of charges for non-provided secondary control capacity amounts to 1.1
($k_{PenSecCap} = 1.1$),
- Difference in prices of energy for upward and downward secondary control amounts to 40 BAM/MWh
($S = 40$ BAM/MWh).

Article 3 *(Tertiary Control)*

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

- Price coefficient for tertiary reserve capacity amounts 1.1
($k_{TerCap} = 1,1$),
- Price for tertiary control capacity amounts to 8.18 BAM/MW/h
($p_{TerCap} = 8.18$ BAM/MW/h),
- Price cap for upward tertiary control capacity amounts to 9.00 BAM/MW/h
($p_{MaxTerCap} = 9.00$ BAM/MW/h),
- Price cap for downward tertiary control capacity amounts to 2.10 BAM/MW/h,
($p_{MaxTerCapDow} = 2.10$ BAM/MW/h)
- Price cap for upward tertiary control energy amounts to 414.70 BAM/MWh

($p_{MaxTerEnUp} = 414.70$ BAM/MWh),

- Coefficient of charges for non-provided tertiary control capacity amounts to 1.1
($k_{PenTerCap} = 1.1$).

Article 4 (*Imbalances*)

The coefficients for calculation of imbalances shall be determined as follows:

- Coefficient of a positive imbalance price amounts to 1
($k_+ = 1$),
- Coefficients of a negative imbalance price amounts to 1
($k_- = 1$).

Article 5 (*Final Provisions*)

- (1) Upon entry into force of this Decision, the Decision on determination of coefficients and price caps (Official gazette of BiH, 41/15, 92/15, 51/16 and 95/16) shall cease to have effect.
- (2) This Decision shall enter into force on the day of the adoption and it shall be published in the Official Gazette of BiH.

Number: 04-28-5-296-1/17
14 September 2017
Tuzla

Chairman of the Commission

Nikola Pejić

Statement of Rationale

The price caps for ancillary services are determined in accordance with the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services (hereinafter: the Tariff Methodology). In the present implementation of the new BiH power system balancing model, some tendencies had been observed so there arose the need to adapt the level of price caps for ancillary services to the conduct of participants and trends present on the market during the observed period.

As the provision of necessary scopes of secondary reserve is crucial for the efficient power system balancing, the price adaptation for the provision of this service was done to this end. Namely, in 2016 an average level of secondary reserve provision amounted to 68.4%, while in the past seven months of 2017 it amounted to 66.5%, which is considerably higher than in the period before the introduction of the new Concept of the power system balancing but still insufficient having in mind the importance of providing necessary scopes of this service. A shortage of this service was observed in particular during the non-peak period (00-06hrs), in which a deviation of the BiH regulation area was constantly noted in the direction of a surplus, by delivery of energy to the SHB Control Block. As an incentive to service providers, the price for providing the secondary control capacity was raised by 3.2%.

Furthermore, with the aim of simplifying the ancillary/system services calculation, the prices of secondary and tertiary control capacity were adjusted to the calculation on an hourly basis

and presented in BAM/MW/h, instead of the previously used measurement units of BAM/kW/month.

Pursuant to Article 28c, Paragraph (4) of the Tariff Pricing Methodology, the price cap for balancing energy for upward tertiary control equals five times the value of the reference price of electricity on the market (p_{MR}). As the value of the reference price of electricity on the market, within the meaning of Article 31, Paragraph (4) of the Tariff Pricing Methodology, amounts to 82.94 BAM/MWh, that is, 42.41€MWh, the price cap for upward tertiary control energy amounts to 414.70 BAM/MWh (212.03 €MWh). Depending on further developments on the balancing market, the possibility of changing the price caps is allowed.