

Pursuant to Articles 1,4 and 8 of the Law on Transmission of Electric Power, Regulator and Electricity System Operator in Bosnia and Herzegovina ("Official Gazette BiH", No. 7/02, 13/03, 76/09 and 1/11) and Articles 2 and 4 of the Decision on scope, conditions and time schedule of electricity market opening in Bosnia and Herzegovina ("Official Gazette BiH", No. 48/06 and 77/09), at the session of the State Electricity Regulatory Commission held on 14 November 2013 adopted

RULES

ON SUPPLY OF CUSTOMERS IN BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA WITH ELECTRICITY

I GENERAL PROVISIONS

Article 1 *(Subject)*

These Rules shall define the method of supplying electricity to customers in the electricity market in Brčko District of Bosnia and Herzegovina.

Article 2 *(Objective)*

The objective of these Rules is the development and functioning of the electricity market in Brčko District of Bosnia and Herzegovina within a single electricity market in Bosnia and Herzegovina.

Article 3 *(Definitions)*

"Balance responsible party" shall mean a market participant that undertakes financial responsibility for the net imbalance (balancing generation, consumption and exchange) or for the net imbalance of a group of market participants, including itself.

"Default supplier" shall mean the power entity which performs the supply with electricity as the public service, i.e. the supply within the universal service and last resort supply.

"Eligible customer" shall mean an electricity customer that is free to purchase electricity from suppliers at its own choice.

"Small customer" shall mean small and commercial electricity customers whose facilities are connected to the distribution system at the voltage level lower than 1 kV and that have less than 50 employees with total annual revenue not exceeding 10 million BAM.

"Non-eligible (tariff) customer" shall mean a customer supplied with electricity at regulated prices (tariffs).

"Public service obligation" shall mean the obligation of energy companies to perform certain energy activities as the public service available to all customers in a particular area with the fulfillment of certain standards that may pertain to security, continuity and quality of supply, supply prices, the protection of the environment including the energy efficiency, renewable generation and the climate change.

"Last resort supply" shall mean a special method of electricity sale within the electricity supply which is performed as the public service through ensuring the right to the electricity

supply under regulated conditions to those customers that have lost their supplier under specific circumstances.

“**Universal service**” shall mean the right of households and small customers to be supplied with electricity of certain quality at economically justified, clearly and easily comparable and transparent prices.

II SUPPLY OF CUSTOMERS WITH ELECTRICITY

Article 4 *(Electricity Supply)*

Electricity supply activity in Brčko District of Bosnia and Herzegovina may be performed by any entity holding the relevant electricity supply license granted by the State Electricity Regulatory Commission (hereinafter: SERC), the Regulatory Commission for Energy in the Federation of Bosnia and Herzegovina or the Regulatory Commission for Energy in the Republic of Srpska.

Article 5 *(Market Openness)*

- (1) All customers in Brčko District BiH shall be eligible customers and shall be entitled to freely choose their electricity suppliers.
- (2) As an exception to Paragraph (1) of this Article, household and small customers shall be entitled to exercise the right to freely choose their electricity supplier as of 1 January 2015.

Article 6 *(Default Supplier)*

- (1) The default supplier shall be a supplier that has the obligation to supply electricity to all eligible customers that do not choose their own supplier by the deadline as determined in Article 24 of these Rules.

Article 7 *(Universal Service)*

- (1) Household and small customers that do not choose a supplier on the market shall be entitled to purchase electricity from the default supplier, that is, to be supplied with electricity of certain quality at economically justified, clearly and easily comparable and transparent prices within the universal service system.
- (2) SERC shall set prices of supply within the universal service.
- (3) As an exception to Paragraph (2) of this Article, until the adjustment of tariff pricing methodology in Brčko District BiH, prices of supplying small customers within the universal services shall be determined by the provider of that service under SERC supervision.

Article 8 *(Last Resort Supply)*

- (1) The supplier of last resort shall take over the supply of household and small customers with electricity without any special request if their supplier leaves the electricity market thus leaving them without the electricity supply and any form of protection.

- (2) The supplier of last resort shall determine prices of its services under SERC supervision.

Article 9
(Contracts)

For the purpose of supplying customers with electricity contracts on connection, supply contracts and network utilization contracts shall be concluded.

Article 10
(Supply Contract)

- (1) A customer and a supplier freely chosen by it shall conclude a contract on electricity supply and freely negotiate volumes, prices and the period of supply.
- (2) Any supply contract shall include:
- a) data on contracting parties
 - b) the subject of the contract
 - c) data on connection capacity as approved by the power permit,
 - d) data on delivery and metering point,
 - e) volumes of electricity and capacity with permitted deviations, the manner of treating deviations of contracted volumes as well as the monthly schedule of takeover (only for customers whose billing capacity is determined by metering) if applicable,
 - f) billing address,
 - g) conditions with regard to the quality of electricity at the supply point as defined by general conditions and other rules or an increase quality level,
 - h) consumption category and tariff group to the which the customer belongs and billing elements of the group per tariff system (for non-eligible customers),
 - i) unit prices of electricity (for eligible customers),
 - j) the method of billing and payment,
 - k) provisions on interest rates,
 - l) the term of the contract,
 - m) rights and obligations of contracting parties, in particular with regard to a change of the address, that is, registration and de-registration of a metering point, reasons and deadlines for cessation of electricity supply, a complaint about an electricity bill and correction of billing,
 - n) responsibility for non-execution, that is, irregular execution of contractual obligations.
 - o) provisions on access to and utilization of the network, if the customer regulates access via supplier,
 - p) instructions for dispute resolution,
 - r) the manner of changing electricity prices and the manner in which the supplier is obligated to inform end customers of price changes,

- s) a provision prescribing that the provisions of general conditions, that the supplier shall make available to the end customer before concluding the contract, are applicable on issues that are not regulated by the contract, and
- t) termination of the contract and contract cancellation deadline.

Article 11
(Network Utilization Contract)

- (1) The conditions of access to and utilization of the distribution network shall be regulated by a network utilization contract.
- (2) The distribution system operator and the supplier shall conclude the network utilization contract, and on an exceptional basis it may also be done by the customer as referred in Article 14, Paragraph (2) of these Rules.
- (3) Any network utilization contract shall contain:
 - a) data on contracting parties,
 - b) the subject of the contract,
 - c) number and date of concluding a contract on connection,
 - d) data on connection capacity as approved by the power permit,
 - e) data on the metering point and content of the metering infrastructure,
 - f) conditions of access to the metering point, appliances and installations at end customers' facilities and conditions of the meter reading method,
 - g) billing method and address,
 - h) volumes of electricity and capacity for delivery in accordance with a supply contract, permitted deviations from contracted volumes and the method of treating cases of deviation from contracted volumes,
 - i) conditions with regard to the quality of electricity at the supply point,
 - j) consumption category and tariff group of customers,
 - k) the method of billing and payment of network utilization fees,
 - l) billing period and provisions on interest rates,
 - m) responsibility for caused damage,
 - n) reasons for limiting access to the network by the distribution system operator,
 - o) reasons for limiting and interrupting electricity supply by the distribution system operator,
 - p) the method of reporting, data exchange and confidentiality of certain data obtained directly or indirectly during the execution of the contract,
 - q) instructions for dispute resolution,
 - r) the term of the contract,
 - s) termination of the contract and contract cancellation deadline.
- (4) In addition to the provisions as referred to in Paragraph (3) of this Article, the network utilization contract with a customer at medium voltage and an electricity producer, shall also include:

- a) the level of permitted reversible impact of facilities on the distribution network, and
 - b) the method of gathering, checking and submitting metering and billing data.
- (5) Any supplier using the distribution network for transport of electricity for consumption outside the distribution system operator's area of distribution, shall conclude with the distribution system operator a network utilization contract containing all required elements as referred to in Articles (3) and (4) of this Article.
- (6) If the measured peak capacity of end customers whose billing capacity is determined by metering exceeds peak capacity as permitted by the power permit, the billing of capacity charges shall be done on the basis of metered capacity increased by the difference between metered capacity and the value of permitted peak capacity.

Article 12
(Limitations)

- (1) Any supply contract, contract on connection and network utilization contract may not include the provision limiting in any manner the eligible customer's choice of supplier or imposing special charges in case of supplier switching.
- (2) Any provision of the supply contract and the network utilization contract shall be in compliance with law, provisions of grid and market rules and general conditions for electricity supply applicable in Brčko District BiH.
- (3) Any supplier that intends to supply customers in Brčko District BiH shall be obligated to develop a standard contract on electricity supply and submit it to SERC.

III RIGHTS AND OBLIGATIONS OF ELIGIBLE CUSTOMERS

Article 13
(Rights of Eligible Customers)

- (1) Any eligible customer may use the right to choice and conclude a supply contract with suppliers on the market pursuant to Article 10 of these Rules.
- (2) Any eligible customer shall be entitled to supplier switching free of charge pursuant to these Rules.
- (3) Any eligible customer that has freely chosen a supplier on the market shall be entitled to conclude contracts with several suppliers if there is a possibility to determine billing quantities which is to be confirmed by the distribution system operator and the balance responsible party.
- (4) Any household and small customer shall be entitled to the last resort supply pursuant to Article 8 of these Rules.

Article 14
(Obligations of Eligible Customers)

- (1) Any eligible customer that freely chooses a supplier shall be obligated to conclude a supply contract.
- (2) A network utilization contract shall be concluded between the distribution system operator and the suppliers while on an exceptional basis it may also be concluded by the customer connected to the voltage level of 10 kV or 35 kV possessing a concluded supply contract with several suppliers.

- (3) Any eligible customer shall be obligated to:
- a) comply with provisions of the supply contract,
 - b) comply with contracted electricity quantities and
 - c) regularly meets financial obligations under concluded contracts.

IV RIGHTS AND OBLIGATIONS OF SUPPLIERS

Article 15 ***(Rights of Suppliers)***

Any electricity supplier shall be entitled to supply electricity to eligible customers pursuant to the applicable rules and conditions as laid down in the license for performance of the activity.

Article 16 ***(Obligations of Suppliers)***

Any supplier of eligible customers and default supplier, each within its scope of work, shall be obligated to:

- a) undertake measures in order to achieve the safe, continuous and quality supply of electricity customers,
- b) inform the system operator that operates the network to which the eligible customer's facilities are connected and the balance responsible party, in accordance with grid rules and market rules respectively, of contracted quantities of electricity, including additional amendments to, extension of the term and termination of the supply contract,
- c) submit required data as laid down by the provisions of network utilization and supply contracts to the holder of a license for performance of the electricity distribution or transmission activity in a regular manner,
- d) inform the eligible customer before concluding a supply contract of types of services that are charged on all bases and possibly other conditions under which the supply of electricity shall be performed,
- e) inform the customer through an electricity bill of the share of individual energy sources in electricity sold by that supplier in total in the previous year,
- f) inform customers of supplier switching procedures and develop and publish standard forms for conclusion, extension and termination of the supply contract,
- g) inform customers of the manner of and procedures for complaint handling if the supplier, in the customer's opinion, does not fulfill contractual obligations,
- h) fulfill all other obligations as prescribed by the licensing conditions for performance of the activity and general conditions for electricity supply.

Article 17
(Special Obligations of Default Supplier)

- (1) The default supplier shall be obligated to supply any eligible customer that has not chosen a supplier pursuant to the applicable rules and conditions as prescribed by the license for performance of the activity.
- (2) The default supplier shall supply the eligible customer referred to in Paragraph (1) of this Article at the price of supply service as determined by the default supplier in accordance with these Rules.
- (3) The supplier of electricity to non-eligible customers shall keep records pertaining to the default supplier service separately from costs pertaining to the supply of non-eligible (tariff) customers.

V PRICES AND COSTS OF SUPPLY

Article 18
(Electricity Price of Default Supplier)

The price at which the default supplier delivers electricity to eligible customers shall include costs of network fees, ancillary services, supply, electricity and all other costs pertaining to the supply process, including incentives for electricity generation from renewables and efficient co-generation.

Article 19
(Cost of Electricity)

- (1) To determine the cost of electricity referred to in Article 18 of these Rules, the following formula shall be used:

$$p_{kk} = K * p_d$$

where:

p_d – an average purchase price of electricity for household customers in Brčko District BiH as determined pursuant to the tariff pricing methodology in Brčko District BiH,

K – electricity price correction coefficient reflecting conditions in the BiH electricity market.

- (2) The coefficient K shall be determined by SERC.

Article 20
(Cost of Network Fees and Ancillary Services)

- (1) The cost of service for the utilization of the transmission network (transmission fee), cost of operation of the Independent System Operator and cost of ancillary services shall be determined by SERC pursuant to the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of Independent System Operator and Ancillary Services.
- (2) The cost of service for the utilization of the distribution network in the Brčko District BiH (distribution fee) shall be determined by SERC pursuant to the tariff pricing methodology in Brčko District BiH.

Article 21
(Cost of Supply)

The cost of supply of eligible customers with electricity as charged by the default supplier shall reflect conditions in the electricity market and shall be comparable with costs of other companies in the region.

Article 22
(Setting of Default Supplier's Electricity Price)

- (1) The default supplier shall set prices at which it delivers electricity to eligible customers in Brčko District BiH, except prices of supply performed within the universal service.
- (2) The prices of supply shall be set in a transparent manner, made public and available to all interested parties.
- (3) If the prices set by the default supplier are not set in a transparent manner or represent a form of anti-competitive behavior, SERC shall be entitled to dispute the prices set in that manner.

Article 23
(Obligation to Inform Customer)

The electricity supplier shall be obligated to directly inform any customer with whom it has concluded a supply contract of any change of electricity price and other conditions of sale within a deadline that may not be shorter than 30 days before the implementation of changed (new) prices starts.

VI SUPPLIER SWITCHING

Article 24
(Supplier Switching)

- (1) The default supplier shall continue to supply all eligible customers in Brčko District BiH that do not choose their supplier within 90 days starting as of 1 January 2014.
- (2) In case of supplier switching by the eligible customer, the new supplier shall be obligated to inform both the previous supplier and the distribution network operator of the resulting change.

Article 25
(Supplier Switching Procedure)

- (1) An eligible customer wishing to switch its supplier shall be obligated to submit to the supplier from whom it wishes to be supplied an application on the form as prescribed by the supplier.
- (2) The completed form referred to in Paragraph (1) of this Article shall include a statement, that is, an authorization to the new supplier to take all required steps to switch the supplier.
- (3) The new supplier, under the authorization referred to in Paragraph (2) of this Article, shall submit a contract termination notice to the existing supplier no later than seven days from the day of receiving the application referred to in Paragraph (1) of this Article.
- (4) The new supplier shall be obligated to submit a supplier switching application to the system operator on the form as prescribed by the system operator no later than seven

days from the day of receiving the application referred to in Paragraph (1) of this Article.

- (5) The supplier that receives the supply contract termination notice referred to in Paragraph (3) of this Article shall be obligated to make all data required for the completion of the contract termination procedure available to the system operator and new supplier no later than seven days from the day of receiving the notice.
- (6) The distribution system operator shall be obligated to approve the application no later than ten days from the day of receiving the application referred to in Paragraph (4) of this Article, that is, to inform the new supplier of required changes to the application within the same deadline if there is a discrepancy with the contract on connection and network utilization contract, and to inform the existing supplier with whom the contract shall be terminated of supplier switching and the contract termination date.
- (7) The distribution system operator shall submit to the previous and new suppliers data on the status of billing quantities at the end customer's metering devices at the time of commencing the application of the new contract no later than three days from the day of reading the billing metering device.
- (8) The date of supplier switching, that is, the day of commencing the application of the new contract shall be the day of reading the meter device.
- (9) The eligible customer shall be obligated to regulate financial obligations towards the previous supplier when switching the supplier.
- (10) The new supplier shall be obligated to ensure the compatibility of the supply contract, contract on connection, network utilization contract and the relevant balance responsible party before the application of the new contract commences.
- (11) The new supplier with whom the eligible customer has concluded a new contract in line with the system operator's approval referred to in Paragraph (6) of this Article, shall submit a copy of the contract immediately after the conclusion of the contract to the system operator and balance responsible party in accordance with the provisions of General conditions for electricity supply, grid rules, market rules and balance responsibility contracts.
- (12) When submitting the contract, the new supplier may omit commercial or confidential data or ask for the protection of their confidentiality.
- (13) The supplier switching procedure may last no longer than 21 days.

Article 26 ***(Disputing of Supplier Switching)***

- (1) The existing supplier whose supply contract is to be terminated may dispute the supply contract termination in accordance with the provisions of that contract.
- (2) The existing supplier whose supply contract is to be terminated may not set any special additional condition that is not included in the contract, including unpaid obligations, and shall be obligated to continue to supply the eligible customer until the conclusion of the supplier switching procedure of which it will be informed by the distribution system operator.

Article 27
(Supplier Switching in case of Loss of a Supplier)

- (1) Any household and small customer shall be entitled to the last resort supply pursuant to Article 8 of these Rules for a 60-day period if the supplier freely chosen by the customer does not supply it or cannot supply electricity due to the following reasons:
 - a) bankruptcy or liquidation of the supplier supplying the eligible customer by then,
 - b) expiry or withdrawal of the license of the supplier supplying the eligible customer by then,
 - c) if the eligible customer has not found a new supplier after the expiry of the supply contract with the existing supplier unless the contract termination is a consequence of failing to meet payment obligations pertaining to delivered electricity.
- (2) In the case referred to in Paragraph (1) Items a) and b) of this Article, the supplier ceasing to operate shall be obligated to immediately inform the system operator and the relevant regulator of the time of and reasons for the cessation of operation, while the distribution system operator shall be obligated to inform the supplier of last resort of the consequential circumstances.
- (3) No later than seven days before the expiry of the contract with the existing supplier, the customer referred to in Paragraph (1) Item c) of this Article shall be obligated to inform the supplier of last resort and the distribution system operator of the intention to use the mentioned supply service and conclude a contract.
- (4) Following the receipt of the notification referred to in Paragraph (2) of this Article, the distribution system operator shall be obligated to immediately read the metering device and submit the status of billing quantities to the supplier of last resort.
- (5) The supplier of last resort and the eligible customer shall be obligated to conclude a contract after receiving data on the status of billing quantities from the system operator.
- (6) The supply of electricity shall be ceased to the eligible customer referred to in Paragraph (1) of this Article that fails to conclude a supply contract with a new supplier after the 60-day period expires.

Article 28
(Information on Suppliers)

- (1) A list of suppliers in possession of the relevant license shall be posted on the SERC website.
- (2) The Public Utility Company “Komunalno Brčko” d.o.o., in the capacity of the distribution system operator, shall be obligated to publish the list of suppliers in the same form as published by SERC via its call center and in visible locations at its premises.

VII INTERIM AND FINAL PROVISIONS

Article 29
(Default Supplier Selection Procedure)

The default supplier in Brčko District BiH shall be the Public Utility “Komunalno Brčko” d.o.o. until the competent authority completes the default supplier selection procedure.

Article 30

(Electricity Market Monitoring)

Monitoring of the electricity market functioning in Brčko District BiH shall be performed by SERC.

Article 31

(Deadline for Adoption of Rules)

The tariff pricing methodology in Brčko District BiH shall be adjusted to the provisions of these Rules no later than six months from the entry into force of these Rules.

Article 32

(Applicable Rules)

If the provisions of these Rules are not in compliance with provisions of other pieces of secondary legislation regulating the supply of customers in Brčko District BiH with electricity, the provisions of these Rules shall be applied.

Article 33

(Revocation of Previous Rules)

With the entry of these Rules into force the Decision on supply of eligible customers with electricity in Brčko District of Bosnia and Herzegovina („Official Gazette BiH“ 89/11) shall become null and void.

Article 34

(Entry into Force)

These Rules shall enter into force on the eighth day after the publication in the “Official Gazette of BiH” and they shall also be published in the official gazettes of the Entities and Brčko District BiH.

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14 November 2013

Tuzla

Chairman of the Commission

Mirsad Salkić