

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, 29, 30, 31, 33 and 36 of the Tariff Pricing Methodology for services of electricity transmission, an independent system operator and ancillary services – Second consolidated version (Official Gazette of BiH, 68/21), at its session held on 13 December 2022, the State Electricity Regulatory Commission passed a

DECISION
ON AMENDMENTS TO THE DECISION ON DETERMINATION OF
COEFFICIENTS AND PRICE CAPS FOR ANCILLARY SERVICES

Article 1

In the Decision on determination of coefficients and price caps for ancillary services (Official Gazette of BiH, 76/21), indents 5 and 6 of Article 3 shall be replaced by the following:

- “- The price coefficient of the price cap for the balancing energy for upward manual frequency restoration reserve amounts to 9.0
($k_{MaxTerEnUp} = 9.0$),
- The price cap for energy for upward manual frequency restoration reserve amounts to 989.46 BAM/MWh
($p_{MaxTerEnUp} = 989.46 \text{ BAM/MWh}$),”.

Article 2

This decision shall enter into force on the day of its adoption and it shall be published in the Official Gazette of BiH.

Number 04-28-5-318-1/22
13 December 2022
Tuzla

Chairman of the Commission
Suad Zeljković

Statement of Rationale

The coefficients and price caps for ancillary services are determined in accordance with the Tariff Pricing Methodology for services of electricity transmission an independent system operator and ancillary services – Second consolidated version (hereinafter: the Tariff Methodology). During the implementation of the market-based BIH power system balancing model, some tendencies had been observed so in line with the conduct of participants and trends present on the market there arose the need for new determination of coefficients of the price cap for balancing energy for upward manual frequency restoration reserve, that is, the price cap for energy for upward manual frequency restoration reserve.

Pursuant to Article 31 paragraph (5) of the Tariff Pricing Methodology, the price cap for balancing energy for upward manual frequency restoration equals to the product of the value of the electricity reference price in the market p_{MR} and coefficient $k_{MaxTerEnUp}$. According to the information from the letter of the Independent System Operator number 07-1458-1/22 of 5 December 2022, the procedure for annual energy procurement for covering of losses in the transmission system, the price of which is relevant for determination of the reference price p_{MR} had not been completed as the offered bids were significantly higher than the planned procurement value. For this reason, pursuant to Article 26 paragraph (6) of the Tariff Pricing Methodology, the average price reached in the last successfully completed procedure for procurement of energy for covering of losses, which amounted to 109.94 BAM/MWh, was taken in order to determine the price caps.

Since the middle of 2021, the wholesale electricity prices have increased significantly, with the price ranging from 200 to 500 €/MWh in 2022, with an average in the past 11 months from 271.8 €/MWh. The wholesale price trends on the HUPX day ahead market in Budapest in the period 2016 – 2022 are presented in the following table (€/MWh):

	2016	2017	2018	2019	2020	2021	2022
January	43.10	81.25	36.19	73.17	52.96	56.40	204.77
February	26.88	55.59	41.66	49.56	39.90	50.85	194.27
March	25.82	37.90	40.43	39.70	29.75	55.02	285.50
April	29.18	39.67	31.92	46.47	25.33	62.94	189.18
May	27.16	42.71	42.17	42.12	23.59	59.94	204.84
June	32.75	43.92	51.27	41.31	29.97	77.90	236.79
July	35.17	51.86	50.95	54.95	36.68	95.15	371.10
August	31.65	58.31	60.45	58.69	37.60	109.02	495.29
September	35.77	42.88	62.94	55.70	45.74	135.10	391.35
October	42.29	49.72	64.51	56.99	39.38	197.32	193.94
November	37.23	60.46	63.65	43.93	48.88	215.87	222.74
December	42.87	40.02	65.07	41.08	58.18	245.81	
average	34.16	50.36	50.93	50.31	39.00	113.44	271.80

As the imbalance prices on the balancing market in BIH depend significantly on the price cap for balancing energy for upward manual frequency restoration reserve, it is necessary to adjust this price in accordance with the price trends on the wholesale electricity market, all with the aim of achieving more orderly conduct of market participants and reducing the physical and financial scope of imbalances of the balance responsible parties. In this regard, the value of the price cap for balancing energy for upward manual frequency restoration reserve increases to an amount of 989.46 BAM/MWh (505.90 €/MWh).

Depending on further developments on the wholesale and balancing markets, the possibility of changing the price cap for energy for upward manual frequency restoration reserve is allowed.