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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, 30, 31, 32, 34, 36 and 37 of the Tariff Pricing Methodology for services of electricity transmission, an independent system operator and ancillary services (Official Gazette of BIH, 57/215), at its session held on 17 October 2025, the State Electricity Regulatory Commission passed a

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
(Automatic Frequency Restoration Reserve)

The coefficients and price caps for capacity and energy of automatic frequency restoration reserve (aFRR) shall be determined as follows:

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

Article 3
(Manual Frequency Restoration Reserve)

The coefficients and price caps for capacity and energy for manual frequency restoration reserve (mFRR) shall be determined as follows:

- The price coefficient of mFRR capacity amounts to 1.1 ($k_{mFRRCap}$ = 1.1),
- The price of mFRR capacity amounts to 8.18 BAM/MW/h ($p_{mFRRCap}$ = 8.18 BAM/MW/h),
- The price cap for upward mFRR-a capacity amounts to 9.00 BAM/MW/h ($p_{MaxmFRRCapUp}$ = 9.00 BAM/MW/h),
- The price cap for downward mFRR-a capacity amounts to 2.10 BAM/MW/h, ($p_{MaxmFRRCapDow}$ = 2.10 BAM/MW/h),
- The price coefficient of the price cap for the upward mFRR balancing energy amounts to 9.0 ($k_{MaxmFRREnUp}$ = 9.0),

- The price cap for upward mFRR energy amounts to 989.46 BAM/MWh ($p_{MaxmFRREnUp}$ = 989.46 BAM/MWh),
- The price coefficient of the price cap for the downward mFRR balancing energy amounts to 3.65 ($k_{MaxmFRREnDow}$ = 3.65),
- The price cap for downward mFRR energy amounts to –401.28 BAM/MWh ($p_{MaxmFRREnDow}$ = –401.28 BAM/MWh),
- Coefficient of charges for non-provided mFRR capacity amounts to 1.1 ($k_{PenmFRRCap}$ = 1.1).

Article 4
(Imbalances)

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

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

Article 5
(Control of Voltage and Reactive Power)

The compensation coefficient for operation of generators in the capacitive regime shall amount to 0 (kRG = 0).

Article 6
(Excessive Withdrawal of Reactive Power)

The price coefficient for excessive withdrawal of reactive power form the transmission system shall amount to 0 (k_R = 0).

Article 7
(Costs of Losses in the Transmission System)

(1) The price coefficient of a framework procurement value of electricity to cover losses in the transmission system shall amount to 1.25 (k_F = 1.25).

(2) The prices of futures products of the European Energy Exchange – *EEX-PXE Hungarian Power Futures* are used to calculate the framework procurement value of electricity to cover loses in the transmission system.

Article 8
(Final Provisions)

(1) Upon entry into force of this decision, the Decision on determination of coefficients and price caps for ancillary services (Official Gazette of BIH, 68/17 and 83/22) shall cease to have effect.

(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 04-02-2301-125
17 October 2025
Tuzla

Chairman of the Commisison

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, operation of an independent system operator and ancillary services (hereinafter: the Tariff Methodology). With the adoption of the new Tariff Methodology, there was a need to redefine the previously established price caps and coefficients (the value of which remained the same), and to expand them in the part relating to the procedure for the procurement of electricity to cover losses in the transmission system.

Although the market principle of procuring energy to cover losses in the electricity transmission system of Bosnia and Herzegovina was dominant during the previous ten years, in 2025, due to the impossibility of procurement on the market, this energy was procured in a regulated manner from the three public power utilities at regulated prices. The reasons for the unsuccessful tender procedures may be found in the low framework procurement value, which was based on the prices that did not correspond to the existing prices on the electricity market. In order to avoid a subjective approach in estimating the framework procurement value of energy, SERC prescribed the calculation of this value in Article 36, paragraph (5), which is based on taking into account the price of futures products in accordance with the relevant index increased by the coefficient k_F, which is determined in the amount of 1.25. This brings the framework procurement value to a level that may result in suitable offers from the suppliers present on the wholesale market.

As the futures products of the Derivative Energy Exchange HUDEX, which ceased its operations in the meantime, should have been used in the calculation of the framework procurement value of electricity to cover losses in the transmission system, in accordance with the option provided in Article 36 paragraph (6) of the Tariff Methodology regarding the use of other exchange products and indices of other exchanges in the region, this decision stipulates the use of prices of futures product of the European Energy Exchange – *EEX-PXE Hungarian Power Futures*. According to the information available, this market of futures products can be considered equivalent to the previously existing HUDEX electricity market.