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## **Regulatory and Energy Assistance**

**Regulatory and Energy Assistance Project in Bosnia and  
Herzegovina (BiH) – REAP BiH**  
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**Quarterly Progress Report**  
**July 1, 2008 – September 30, 2008**

Submitted to:  
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## **I. EXECUTIVE SUMMARY**

REAP spent much time this quarter working to influence the Federation Parliament to preserve the independence of the regulator in the face of a proposed Federation Electricity Law introduced by the Ministry of Energy, Mining and Industry that threatened to remove that independence. First, REAP arranged for a presentation by the sector bodies that have come into being since the reform efforts started, which segued into active lobbying of the key Parliamentary Members of the House of Representative. The efforts regarding the law were successful. Subsequent efforts involved a detailed revision of the law, as agreed with the Ministry. REAP is arranging to conduct similar sector presentations in the State Parliament and the RS National Assembly. In addition, REAP continued its advice to the Expert Gas Working Group. Efforts continued with regard to encouraging the ISO to be more proactive in reform, participate in Parliamentary presentations and communicate its activities in the region. Comments have begun to be received on REAP's Internal Action Plan to meet the requirements of the Energy Community Road Map. Finally, REAP has become more active in its interactions with NGOs.

## **II. SUMMARY OF TECHNICAL ACTIVITIES AND OUTCOMES**

### **A. Fully Integrated Energy Sector into the Regional Market and the EU**

#### **1. Creation of Legal and Regulatory Framework for Gas**

*Expert Gas Working Group Meetings.* During the subject quarter, two meetings of the Expert Gas Working Group were attended. The first meeting was organized by MOFTER for members of the Expert Gas Working Group to meet with three gas experts from the Energy Community Secretariat. The agenda of the meeting was for a representative of the Energy Community Secretariat to make a presentation on AGGM, the Austrian gas ISO. In addition, the Secretariat wished to have a status report on the activities of the Working Group. Several weeks after that meeting, the official positions/proposals with regard to the State Gas Law from both the Republika Srpska and the Federation were distributed as requested. The proposals are inconsistent, although both comply with the Directive:

- The Federation proposes:
  - A single TSO owned by both Entities, formed under Annex 9 of the Dayton Accords, (under which no company, including Transco and the ISO has ever been formed.)
  - One regulator for energy at the State level, meaning that SERC would form an additional department for gas.
  - The filing of a derogation for the opening of the market pursuant to the Directive.
- The Republika Srpska proposes:
  - Multiple TSOs [to which the Federation had previously agreed.]
  - A coordination body for regulation to harmonize the activities of the entity regulatory bodies.
  - A coordination body for the operation of the entity transport system operators.

REAP attended the second Expert Gas Working Group that met in Banja Luka. As discussions commenced, it became clear that the two Entities' positions are polarized in a way that mirrors the difficulties in the country with regard to the Federation's desire for a stronger State and the RS' opposition thereto. The Secretariat presented the structure of Nabucco as an option for organization of BiH gas sector but RS representatives marked it as unacceptable. After heated discussion and no progress it was decided that MOFTER would write a report to the three Ministers reporting the progress (or lack thereof) to request the Expert Gas Working Group to be allowed to continue. It was proposed that the group meet again in approximately one month. The Secretariat will also attend the next meeting and present additional ideas.



## **2. Transformation of the ISO into a full Market Operator**

*ISO Indicative Generation Plan.* ISO launched the Indicative Generation Development Plan for the period 2009-2018. REAP analyzed the document and prepared comments. REAP also attended the public hearing on the Indicative Generation Plan held in Sarajevo.

*Meeting with ISO.* REAP met with ISO and addressed the following issues:

- Relations between REAP and ISO: the ISO expressed its willingness to cooperate and proposed the next meeting between the ISO and REAP to take place soon. He will schedule that meeting after he has analyzed the Draft Internal Action Plan.
- Market design. The preconditions with regard to establishment of the electricity market in BiH, as follows:
  - Measurement and the Balancing Market: The ISO sees the establishment of an appropriate measuring system as the only obstacle ISO's ability to run a balancing market. In addition, additional software and hardware is expected to be purchased and installed when the World Bank Power IV project is implemented, along with the new ISO building.
  - Unbundling: The ISO thinks that it is likely that the two EPs in FBiH will unbundle next year, so that preconditions for opening the market will be met.

*Meeting with ISO Management Board members.* REAP met with three ISO Management Board members, representing the constitutional people of BiH, and one of the three ISO Management Team members. The meeting addressed three specific topics:

- *Upcoming Parliamentary Presentations.* REAP explained that the ISO's not participating in the Federation Parliamentary presentations with short notice was noticeable, especially when the ISO is at the center of the reform effort. REAP was assured that the ISO would be represented in the upcoming presentations.
- *Comments on the Internal Action Plan.* REAP described the Internal Action Plan and that the comments of the ISO were necessary. The ISO Management Team member committed to provide the comments.
- *Vision of Activity of the ISO.* The ISO representatives repeated several times that they operate only according to the ISO Law. All of this was repeated when REAP broached the topic of leadership of reform. REAP suggested that making information from the ISO's international membership organization (ETSO and UCTE and its Working Group in the Energy Community) available to all parties would be a subtle and appropriate contribution to the reform effort. The ISO representatives were receptive and agreed to discuss this possibility with the other Members of the Management Board.

## **3. Unification of the Regulators**

*RSERC Meeting.* USAID and REAP met with RSERC, and the following issues were addressed:

- With regard to the condition of the Transmission Sector, RSERC stated that the lack of a SERC connection rule is a problem, since there can be no construction.
- Gas. The RSERC plans to issue licenses at the end of September when the three companies must apply for licenses. Regarding the tariff methodology, this would be issued by the end of September, and the RSERC is expecting applications for tariffs in December. Since there is no capacity or experience with regulation in the three companies, RSERC has agreed with them to interact to make rules on their work, like a distribution grid code.

*REAP Comments on RSERC draft Connection Rule.* REAP submitted its comments on the draft RSERC Connection Rule. The points made were generally that:

- The Rule does not make clear exactly which party owns which facilities and equipment related to the connection, an issue that is important because of its impact on tariffs.
- If ownership of the facilities is divided, then the treatment of depreciation is unclear.

- The derivation of the 50:50 ratio of costs was not defined and should be.
- The treatment of VAT is unclear.

## **B. Restructuring and Commercialization of Energy Companies**

*Internal Action Plan.* Two stakeholders sent comments on the Internal Action Plan, one of whom commented by articulating a desire for a unified regulator, the importance of MOFTER leading the process and the desire for a formal structure that approves and mandates the IAP throughout all levels of all governments. REAP sent its response to the two stakeholders. REAP contacted MOFTER to suggest it remind SERC, the ISO and Transco to comment on the Internal Action Plan. The ISO contacted REAP and requested a copy of the Internal Action Plan, which was sent with a request for a meeting to receive any comments.

*Amendments to the Federation Electricity Law.*

*Lobby Activity in the Federation Parliament.* REAP wrote a legal memorandum that set forth the legal basis to counter the three most critical issues regarding the preservation of the FERC's authorities, independence and autonomy. The three issues were that that the draft law provided that (i) FERC was required to obtain Ministry approval for decisions on tariff methodology, tariffs, network rules, General Conditions and coal; (ii) a Complaint Council was to be inserted between FERC and the courts; and (iii) the Ministry was to regulate renewables. The legal memo addressed the legality, effectiveness and consistency with the direction of reform and the desired amendment or change. On the basis of this analysis and a hand-out based thereon, REAP conducted multiple meetings with the individual Members of Parliament, as well as a caucus meeting.



*Federation Parliament on 7-23-08.* The draft law passed its first reading 58 out of 62 votes, along with two Conclusions: (i) that the law is a good base; and (ii) that the Government will work to take into consideration all of the issues mentioned in the Parliamentary discussion comments the indicated concern about the loss of independence of the regulator and the complaint council. REAP's work to create a foundation of information on the sector in the Parliament and then lobby the specific issues on the draft amended Federation Electricity Law was reflected throughout the proceedings. REAP met with the OHR Legal Department with regard to the Federation Draft Electricity Law and received a set of comments on the law. REAP drafted comments for the Federation Draft Electricity Law that addressed all comments from Parliament, those of OHR and technical comments from FERC. Five meetings with the Federation Ministry were held, two of them with FERC Representatives. The final meeting between the Ministry, FERC and REAP was held in REAP's offices, and all issues were revisited over a six-hour period and differences resolved. REAP finalized the draft that was finally agreed between the Ministry and REAP and forwarded it to the Ministry.

*Meeting with EPRS.* A meeting was held with the management team of EPRS. The overall impression from this meeting was that the EP is not being satisfactorily included in the reform process and has a dearth of information. When asked about their opinions on the Transmission Company, EPRS expressed its general dissatisfaction with the Transmission Company, the ISO and, indirectly, ancillary services. Further, it is not clear to the EP what functions are the ISO's and what functions are Transco's.

*Proposal on "Concept of a future organization of ELEKTROPRIVREDA BiH".* EP BiH sent the document on the concept of its future organization. The concept proposed that EPBiH be a holding company, with the following subsidiary companies: EP BiH Generation Ltd., EP BiH Distribution

Ltd., and EP Supply Ltd. REAP's comments suggested that EPBiH consult the EC Note on unbundling and the Action Plan approved by the Federation Parliament. Further, REAP suggested that an option without the coal mines be considered in case that process is delayed; a cost study for the reorganization be performed; submission to the executive and legislative authority for amending the laws and documents be required; and a project implementation plan be created.

*Meeting with RS Ministry of Economy, Energy and Development.* USAID and REAP attended a meeting with representatives of the RS Ministry. Among others, REAP discussed market design and requested the nomination of members of a task force to begin in September. The Ministry pointed out that the SEE regional market is an optimal one and stated that they will establish a task force.

*Transco.* The RS Government announced its conclusion that all possibilities were exhausted for overcoming of the problems in the operation of Transco and that to ensure continuous performance of the electricity transmission activities on the territory of the RS and to protect its ownership rights, the Government of RS will establish a company for transmission of electricity in the RS. At the same time, the RS Government stated that it guarantees full implementation of the conditions from the Energy Community Treaty and other obligations as well as from the related regulations and relations with the regulatory bodies and the ISO in BiH.

*OHR.* The OHR announced that the Peace Implementation Council (PIC) considers the RS Government conclusion as extremely serious and reminded the RS Government of its PIC Steering Board Declaration on 10-31-07 regarding the possible unilateral action of this nature by the entities in which it concluded, "an entity cannot withdraw unilaterally from a previously agreed reform." The PIC Steering Board expects the RS Government to revoke its conclusion and continue to work in the spirit of compromise to improve the functionality of the Transco.

*EU.* Head of the BiH Delegation expressed his deep concern over the RS intention to withdraw from the Transco. He stated this would undermine the achieved reforms in the electricity sector that BiH was able to implement with the substantial technical and financial assistance of the EU and other donors. It would also be a step back in the context of the SAA process, given that dissolution of Transco would undermine the earlier-implemented European Partnership priority. Furthermore, such decision would put at risk the integration of BiH in the regional and EU electricity markets. Finally, any decision taken against legal rules foreseen by BiH law would erode its credibility vis a vis economic operators and potential investors.

*Federation Government Response.* The Federation made a press statement pointing out that there can be no acceptance that investments into the transmission sector should be distributed in proportion to the share in the capital in the company (Federation 59%/41% RS) because 70% of the revenues of Transco come from the Federation. Given this fact, more investment for the Federation's system for extension and maintenance is necessary. The Minister said to the press that representatives of the International Community, which had a key role in the establishment of Transco, must get involved in the resolution of the problem created by the RS Government decision.

## **C. Broader Public Understanding of Specific Energy Sector Issues and Challenges**

### *Parliamentarians/decision makers*

*Energy Sector Presentation in FBiH Parliament.* After REAP's extensive preparatory work the Federation BiH Parliamentary Presentation of the Energy Sector in BiH took place on July 15, 2008. There were approximately 21 members of Parliament. Those who presented were Reuf Hadzibegic of MOFTER, Zara Halilovic of Directorate of European Integration, FERC's Djulizara Hadzimustafic, Nikola Pejic of SERC and Zdenko Vukic presented on behalf of the Transmission Company. The ISO was absent, and they



informed the Parliament of this fact one day before the presentations. The REAP team put together a set of conclusions for the Chairman of the committee responsible for energy to review and utilize at the end of the presentations.

*Meeting with RS National Assembly.* On July 7, USAID, REAP and U.S. Embassy representatives from Banja Luka met with the Speaker of the RS National Assembly and his associates to discuss the possibility of holding a sector presentation to the RS National Assembly. REAP received a letter from the RS NA President's Chief of Cabinet, informing REAP that after consultations with the members of the RS National Assembly Presidency and President of RS National Assembly Board for Economy and Finance, it was decided that the sector presentation would be held only for members of the Board for Economy and Finance. REAP responded with a letter, suggesting that if there are other interested representatives in the RSNA they should be enabled to participate in the presentation. Also, a letter was drafted to be sent by USAID to the Speaker to reinforce REAP's suggestion that the Sector Presentation in October that such be opened to Parliamentary representatives who desire to attend, rather than limit the presentations only to the Committee for Economy and Finance.

*Contact with BiH Parliament.* REAP established its contact with a member of the Collegium of the BiH Parliament House of Representatives to organize an energy sector presentation for State Parliamentarians. REAP also met with the Secretary of the Office of the Secretary to the Joint Committee on Economic Reform and Development and the Manager of International Relations and Protocol Service in the Parliament of BiH, who were selected by the Collegiums to work with REAP on the organization of the sector presentation for parliamentarians.

#### *Media*

*Internal Action Plan Briefing for Journalists.* REAP organized a briefing/training for journalists on the Internal Action Plan. REAP briefed journalists about the Project's activity and the reason for developing the Internal Action Plan.

#### *Consumer Organizations/NGOs*

*Meeting with SOROS Foundation.* REAP met with the SOROS Foundation Executive Director to discuss how REAP and SOROS could cooperate, in particular with the organization of the second NGO conference on energy issues. REAP initiated this meeting after learning that SOROS is preparing a follow-up conference to the one that took place in Ilidza in June 2008. SOROS tasked an informal group of independent experts from the Balkans, among them is the Chairman of the State Parliament committee responsible for energy, to write a policy paper that would deal with social aspects and consequences of the reform of the energy sector. The paper will be used as a basis for the follow-up conference. REAP offered to provide technical advice and guidance in shaping the theme of the conference, which was welcomed by SOROS. The Executive Director asked for REAP's assistance to SOROS' next web-based project where they intend to put a number of various materials, documents, laws, some of which are energy related, which would be re-written in a simple and easy to understand language.

#### *Regulators/ISO/Governments*

In order to build capacity of PR within the ISO and the entity regulators, REAP identified several areas to be improved. Their PR related documents were analyzed. REAP developed a list of activities for ISO to undertake to make improvement in its PR function as well as the Scope of Work for ISO PR person. REAP recommended to FERC and RSERC to register their PR persons in PR School at the Sarajevo Media Center in order to improve and provided appropriate information.

#### *Other*

REAP designed a “Who We Are” pamphlet on USAID/REAP project. The one-page pamphlet comprises basic information about the project and REAP’s current activities and will be used to introduce the project. It will be updated as needed, but in any event at least twice a year.

A REAP Public Outreach team member attended a training at USAID, conducted by USAID PPO. The training aimed at improving communication of USAID’s projects, with focus on preparing the project fact sheet and success stories.

### **III. PROBLEM AREAS**

- Expert Gas Working Group.
  - Whereas meetings took place that included the assistance of the Energy Community Secretariat, the two Entities’ are polarized in their proposals and positions on the State Gas Law, both positions complying with the requirements of the Directive.
  - While the State Ministry, MOFTER, is seeking approval to continue the efforts of the group and the Energy Community Secretariat intends to continue participating in the group, the positions and discussions in the group reflect the general difficulties regarding the RS’ not supporting the State structure and the Federation’s support of it.
  - There has been no progress on the Energy Community gas road map at all and will be none until the State Gas Law is enacted. Meanwhile, the price of gas rises in BiH.
- The dysfunction of the Transmission Company and attempted withdrawal by the RS of its assets from the unified transmission company creates numerous obstacles for energy reform. The International Community has taken a united stand with regard to backsliding on reforms.
- The above issues will likely trickle through the entire sector and affect all efforts on reform.

### **IV. SECOND QUARTER DELIVERABLES**

#### *Information for USAID*

- Article on New Electricity Law -- Nezavisne Novine, dated 7-1-08, in English and local language.
- RSERC Draft Rule on Connection, dated 6-9-08, in English and local language.
- Appendix Draft Connection rule 6-08 in English
- FERC comments on regional and FBiH law 6-25-08, in English and local language
- Letter Minister Heco to Minister Puhac on Transco issues with attachments, dated 7-18-08, in English and local language.
- Article on SDU reactions to the FBiH Draft Law, dated 7-25-08, in English and local language.
- Excerpt from Analysis of Strategic Partners FBiH Parliament, dated 7-24-08, in English and local language.
- Report from the Parliamentary Legal Committee on the Draft Electricity Law,, dated 7-21-08, in English and local language.
- Article in Nezavisne Novine on PIC-Transco, dated 7-30-08, in English and local language.
- Article in Nezavisne Novine on PM Letters, dated 7-29-08, in English and local language.
- Article on SarajevoX on Heco-Puhac meeting, dated 7-30-08, in English and local language.
- Article in Vecerniji List on USAID-REAP’s activities vis a vis the Federation Electricity Law, dated 7-30-08, in English and local language
- Letter PM Dodik to PM Brankovic re Transco, dated 7-18-08, in English and local language
- Letter PM Brankovic to PM Dodik re Transco, dated 7-24-08, in English and local language.
- Excerpt from EP BiH Study on future organization-8-6-08-English
- RSERC Sequence of building permit issuance, dated 4-8-08, translated 8-13-08, in English and Local language
- FBiH Government Conclusions on ISO Annual Report, dated 5-7-08, translated 8-11-08, in English and Local language

- MOFTER Invitation for the EC meeting on gas, dated 8-7-08 in English and local language
- Letter from Transco General Director to Labor Union, dated 8-15-08 in English and local language
- Letter from EU to FBiH Parliament regarding new Electricity Law, dated 8-19-08, in English and local language
- Article on Aluminij Privatization from *Dnevni List*, dated 8-28-08 in English and local language.
- EC Overview of Specific Activities for September 2008, dated 7-3-08, in English and local language.
- Excerpt from the RSNA Conclusions on Police Reform prohibiting a transfer of Entity jurisdiction to the State level, dated 4-11-07, in English and local language.
- Minutes from the RS Ministry meeting on gas, dated 4-10-08, in English and local language.
- Article on Elektroprenos being blocked, San newspaper, dated 8-27-08, English and local language.
- BiH Gas Sector Structure as of April 2007, MOFTER.
- RC Article in *Nezavisne Novine*, dated 8-31-08 in English and local language.
- Article in *Nezavisne Novine* on Transco break-up, dated 9-12-08, English and local language.
- Srna announcement on the break-u of Elektroprenos BiH, dated 9-11-08, in English and local language
- Information on the RS Government website on the Transco decision, dated 9-12-08, English and local language.
- Helsinki Committee in BiH opinion and observation on EPBiH Supervisory Board dismissal, dated 9-12-08, in local language only
- SDP announcement on Transco, dated 9-12-08, in English and local language
- Secretariat FBiH Electricity Law Comments, dated 9-16-08, in English only
- Secretariat Presentation on BiH Gas Market Concept, dated 9-23-08, in English and local language
- Helsinki Committee in BiH Opinion and Observation of EPBiH Board dismissal, dated 9-12-08, in English and local language
- Secretariat comments on FBiH Electricity Law, dated 9-24-08, in English and local language
- Minutes from the 7<sup>th</sup> Expert Gas Working Group in Banja Luka, dated 9-23-08, translated by REAP 10-3-08, in English and local language

#### *Deliverables*

- Memo Ms. Haveric to Ms. Wilson on Structure of Different Commissions, dated 7-2-08, in English only.
- Legal Memo REAP to USAID re proposed amended Federation Electricity Law, dated 7-1-08, in English only.
- Memorandum REAP to USAID re consequences, dated 7-1-08, in English only.
- MOFTER Parliamentary Presentation edited by REAP - 7-1-08 local only.
- FERC Parliamentary Presentation edited by REAP - 7-1-08 local only.
- Table on draft Federation Electricity Law Amendments, dated 7-10-08, in English and local language.
- Analysis of input to the Federation Electricity Law amendment Working Group, dated 7-8-08, in English only.
- Legal memorandum on proposed amended Federation Electricity Law, dated 7-1-08, in local language [English version previously sent].
- Proposed Federation Electricity Law, dated June 2008, local language.
- FERC's comments on proposed Federation Electricity Law, dated 6-25-08, in local language
- Talking points on proposed Federation Electricity Law, dated 7-7-08, in English and local language.
- Draft Parliament Conclusions for the presentations, dated 7-10-08, in English and local language

- Letter from ISO declining Parliament Presentation, dated 7-14-08, in English and local language.
- Presentation by MOFTER, undated, in English and local language.
- Presentation on SERC, undated, in English and local language.
- Presentation on FERC, 7-7-08, in English and local language
- Presentation on Transco, no date, in English and local language.
- Presentation by REAP on Internal Action Plan, dated 7-10-08, in English and local language.
- Agenda for meeting with the RS Ministry, dated 7-11-08, in English and local language.
- Agenda for meeting with EPRS General Director, dated 7-9-08, in English and local language.
- Agenda for meeting with RSERC, dated 7-9-08, in English and local language.
- Talking points for Zeljko Slijepcevic re ISO, dated 7-11-08, in English and local language.
- Letter REAP to EPBiH General Director on Internal Action Plan, dated 7-89-08, in English and local language.
- EPBiH Comments on Internal Action Plan, dated 3-7-08, in English and local language.
- Letter EPBiH to REAP regarding the IAP, dated 6-25-08, in English and local language.
- REAP Public Outreach Quarter 2 Plan of activities, dated 7-14-08, in English language.
- Overall ISO approach draft to USAID, dated 7-10-08, in English only.
- SNSD contracts research, dated 7-18-08, in English only.
- REAP Comments on RSERC Connection Rule, dated 7-18-08, in English and local language.
- Legal Memorandum, REAP to USAID regarding Draft Amended Federation Electricity Law [revised for wider circulation], dated 7-22-08, in English and local language.
- Success Story on Sector Presentation in FBiH Parliament, dated 7-24-08, in English only.
- Success Story on PR Training, dated 7-25-08, in English only.
- Success Story on Parliamentarians and Draft Federation Energy Law, dated 7-25-08, in English only.
- Pamphlet “Who We Are,” dated 7-24-08, in English only.
- Timeline of Transco Events in a table, dated 7-30-08, in English only.
- Graphic Timeline of Transco Events, dated 7-30-08, in English only.
- Report on REAP to ISO Assistance re DC opening, dated 7-24-08, in English only.
- Draft Federation Electricity Law REAP redline, dated 8-1-08, in English only
- REAP Review of EP BiH Study on the Concept of future organization-8-8-08-Eng & Loc
- General Activity plan with NGOs - 7-28-08 English
- Brief on the document Indicative Plan, dated 8-11-08, in English language only
- REAP Public Outreach Activities in September 2008 by week, dated 8-22-08 in English language only
- REAP Public Outreach General Activity plan for Regulators & ISO, dated 7-22-08 in English language only
- Austrian Gas Law, revised, AGGM provisions, dated 5-2-08 (translated 8-29-08), in English and local language.
- Letter to RS National Assembly Radojicic re Presentation of Sector, dated 9-2-08, in English and local language.
- REAP Quarterly Report April-June 2008, 8-25-08
- REAP Review of EPBiH Study on the Concept of future organization, dated 9-3-08, in English and local language.
- Talking points for Mr. Belkic of State Parliament, dated 9-5-09, in English and local language.
- Draft Federation Electricity Law redlined by FERC, FMERI and REAP, dated 9-9-08, in English and local language.
- Invitation to journalists for briefing on the Internal Action Plan, dated 9-12-08, in English and local language.
- Letter to Mr. Campara of the State Parliament regarding presentations, dated 9-9-08, in English and local language.
- REAP prepared ISO PR Scope of Work, dated 9-12-08, in English and local language.
- REAP Response to EPBiH Internal Action Plan Comments, dated 9-12-08, in English and local language.
- REAP Response to FERC Internal Action Plan Comments, dated 9-12-08, in English and local language.

- Email from Markovic to USAID re Exec. Directors and Ubiparip, dated 9-12-08, in English only.
- Draft Federation Electricity Law by FMERI and REAP, dated 9-12-08, in local language, redlined and clean.
- Draft Federation Electricity Law by FMERI and REAP, dated 9-18-08, in English, redlined.
- Minutes from the RS Gas meeting on RS official position, dated 8-17-08, in English and local language.
- Conclusions related to RS Government official gas position, dated 9-17-08, in English and local language.
- FBiH official position regarding gas, dated 9-17-08, in English and local language.
- Letter from Republika Srpska National Assembly to Ms. Wilson regarding presentations, dated 9-18-08, in English and local language.
- Briefing from Presentation on Power Quality at ISO, dated 9-11-08, in English only.
- Letter from REAP to EPBiH re answers to Internal Action Plan comments, dated 8-16-08, in English and local language.
- Letter from REAP to FERC re answers to Internal Action Plan comments, dated 8-16-08, in English and local language.
- Minutes from the Public Outreach meeting with Ankica Gavrilovic, dated 9-11-08, in English only.
- Note on Impact of Reorganization of Transco on the ISO, dated 9-17-08, in English only.
- Draft Fact Sheet, dated 9-19-08, in English only.
- Email from Mr. Markovic to Ms. Wilson on issues for negotiation re Transco, dated 9-23-08 in English only.
- Email Ms. Wilson to USAID post International Community meeting, dated 9-25-08 in English only.
- Email Mr. Markovic to Ms. Wilson re post International Community meeting results, dated 9-24-08, in English only.
- Note on data re countries with multiple TSOs, dated 9-23-08 in English only
- Table of REAP responses to questions on RS Transco conclusions, dated 9-23-08, in English only
- Letter REAP to RSNA re sector presentation, dated 9-25-08, in English and local language.
- Proposal to ISO re improving PR function, dated 9-25-08, in English and local language.

## **V. ANTICIPATED ACTIVITIES FOR THE FOLLOWING QUARTER**

REAP's technical team will continue to meet and work with our counterparts to advance reform in the electricity and gas sectors:

### BiH energy sector fully integrated into the regional market and the EU

- Encourage the Expert Gas Law Working Group to address and compromise on the central issues regarding the development of a state gas law.
- In connection therewith, encourage the Federation to transform the Federation Government Decree on Gas into a Federation Gas Law and the RS to amend its law to accommodate the State regime.
- Encourage the ISO to involve itself in leadership of the market design process.
- Encourage the Ministries to assign task forces for the market effort.

### Implement the Action Plan

- Continue efforts to assist in the implementation of Road Map objectives by obtaining feedback from the stakeholders who were given the Internal Action Plan and not yet responded.
- Encourage the adoption of an amended Federation Electricity Law that fully complies with the EU Directive and maintains the full jurisdictional duties of the regulatory commission.

- Submit a draft policy to the Federation Ministry to demonstrate what a policy for the sector and regulators would contain.
- Begin work regarding implementation of the EU Environmental Directive.

Broaden public understanding of the BiH energy sector issues and challenges.

- Prepare and schedule the presentation of “Electricity Sector” presentations in the RS National Assembly and BiH Parliament.
- Increase interaction with NGOs in the sector.
- Capacity building in the regulators and with regard to the PR function.
- Assist technical efforts with regard to Transco.

## **VI. ADDITIONAL INFORMATION**

### **A. Progress during the quarter v. scheduled**

All scheduled activities during the quarter were completed.

### **B. Supporting Materials**

Annex A includes (i) a task list from the Project Contract that shows accomplishments grouped under the appropriate task, and (ii) a task progress chart show activities completed, in process, or deferred during the quarter is included in Annex A. This is followed by a financial summary in Annex B, and a List of Staff in Annex C.

### **C. Staffing Status**

No changes in staffing status.

## ANNEX A

### TASKS, ACHIEVEMENTS AND PLANS

**Task 1: A fully integrated energy sector into the regional market and the EU.**

Task 1.A. **Unification of the Regulators.** The contractor shall help create a single energy market throughout BiH regulated by a single integrated regulation.

Task 1.A.(i) Provide assistance to the existing regulators to further strengthen their principal functions of issuing licenses and tariffs;

REAP submitted its comments on the draft RSERC Connection Rule. The points made were generally that:

- The Rule does not make clear exactly which party owns which facilities and equipment related to the connection, an issue that is important because of its impact on tariffs.
- If ownership of the facilities is divided, then the treatment of depreciation is unclear.
  - The derivation of the 50:50 ratio of costs was not defined and should be
  - The treatment of VAT is unclear.

Task 1.A.(ii) Draft amendments to the electricity law that are consistent with the unbundling of the existing company structure.

#### ENREG dependent.

Task 1.A.(iii) Draft necessary by-laws; and assist in their implementation to assist with the passage of the amendments to the electricity laws to enable unification of regulators; and

#### ENREG dependent.

Task 1.A.(iv) Once in place, assist the unified regulator to reconfigure itself – which would include organizational issues and the revision of all internal documents (Statute, Rules of Work, organization charts, internal financial procedures, and the like) as well as the Rules of Practice and Procedure, and assist the State Regulatory Commission (SERC) in its interactions with the Energy Regulators Regional Association (ERRA) in moving towards the single regulator.

#### ENREG dependent.

Task 1.B **Creation of the Legal and Regulatory Framework for Gas.** The contractor shall assist the state regulator to consolidate and incorporate the regulation of gas into its regime and to assemble a capable staff to support the gas sector.

Task 1.B.(i) Draft a state level gas law working with a Gas Working Group.

REAP attended two Expert Gas Working Group Meetings, one held in Sarajevo, the other in Banja Luka. Both meetings were also attended by Energy Secretariat representatives. Even though proposals by the two Entities were polarized, MOFTER will report to the three Ministers and request

continuation of the process. The Energy Community Secretariat intends to continue its direct assistance.

Task 1.B.(ii) Provide technical assistance to MOFTER to complete the enactment of the Gas Law;

Task 1.B.(iii) Draft foundation gas regulation documents and plan training on gas specific regulatory issues.

**ENREG dependent.**

Task 1.B.(iv) Assist the state regulator to hold public hearings and issue rules for gas regulation, including such matters as the practice and procedure for establishing tariffs and the conditions for licenses, third party access, and market opening.

**ENREG dependent.**

Task 1.B.(v) Assist the state regulator to consolidate and incorporate the regulation of gas into its regime and to assemble a staff to support the gas sector; and

**ENREG dependent.**

Task 1.B.(vi) Assist the regulators in planning activities to require the appropriate and timely filings from all gas companies and ensure that concomitant changes called for in the law are made for the gas sector, as required.

**ENREG dependent.**

Task 1.C. **Transformation of the Independent System Operation (ISO) into a Full Market Operator for all of BiH.**

Task 1.C.(i) Assist the state regulator (SERC) in its approval of ISO activities to create the Market Operator function for balancing the market.

Task 1.C.(ii) Assist MOFTER in the ongoing efforts to formulate the Market Rules for the energy market (electricity and gas) and to help delineate the rules for a financial settlement system;

Task 1.C.(iii) Help revise the Grid Code; and

Task 1.C.(iv) Ensure that the appropriate market monitoring mechanisms are in place and being utilized to ensure that ISO governance is proper.

REAP met with a number of ISO representatives and discussed with them the international role of the ISO, ISO-REAP relations, the Internal Action Plan, the importance of ISO participation in the Parliamentary presentations, and the advisability of communicating information to the sector with regard to its regional activities and memberships.

Task 1.D. **Broader Public Understanding of Specific Energy Sector Issues and Challenges.** The contractor shall develop and implement a program of public outreach and education efforts to develop broader understanding of the energy sector, its needs, the challenges it faces, the major issues of the reform of this sector and what are the means needed to achieve them. Through a

variety of efforts, e.g., short-term trainings, the project should strive to educate cabinet members and parliamentarians, both at the entity and state level, the media and the broader public. While serving as an educational effort, the aim is to help develop advocates for energy sector reform in these areas. This will require consultation and working closely with USAID Economic Reform Office CTOs, with parliaments, and the media. This may include, but not be limited to:

The Public Interest Team organized and assisted in implementation of the Federation Parliamentary Energy Sector Presentations to ensure the Parliamentary Members had a good foundation in the energy sector. This effort assisted in the creation of a subsequent lobby plan with regard to the Federation Electricity Law to attempt to ensure that Parliamentary Members understood the consequences of a proposed Electricity Law from the Ministry, in particular the removal of the independence of the regulator. The lobby efforts were successful.

Plans and activities are in process for similar Energy Sector Presentations in the State Parliament and the RS National Assembly.

- Task 1.D.(i) Support reform efforts surrounding the drafting and adoption of legislation and regulation for the unification of regulators. **On hold.**
- Task 1.D.(ii) Support the drafting of legislation and regulation supporting the state level gas law, and
- Task 1.D.(iii) Assist the state energy regulator to hold hearings and issue rules for gas regulation on topics such as tariff setting, conditions for licenses, and helping the regulators in developing and implementing requirements that the gas sector meetings the new requirements under the law on the gas sector. **On hold.**

**Task 2. Restructuring and commercialization of energy companies.**

- Task 2.A. **Implementation of the Action Plans.** The contractor shall assist with a number of actions to help facilitate action plan implementation. These shall include:

EPBiH and FERC sent to REAP their comments on the Internal Action Plan. The gist of the EPBiH comments was a desire for a unified regulator, the importance of MOFTER leading the process and the desire for a formal structure that approves and mandates the IAP throughout all levels of all governments. REAP sent its response to the two stakeholders. REAP contacted MOFTER to remind it that SERC, the ISO and Transco had sent their comments to the Internal Action Plan; MOFTER will follow up.

- Task 2.A.(i) The formation of Headquarters functions in the EP companies.

REAP commented on the future organization of EPBiH as requested. The proposal is for a holding company and three subsidiaries: generation, distribution and supply. REAP suggested that EPBiH review the European Commission Note on unbundling and the Action Plan approved by the Federation Parliament. Additionally, REAP suggested that an option with the merger of the coal mines be considered in case the process is delayed, a cost study for the reorganization be performed, the plan be submitted to the

executive and legislative authority for amending the laws and other documents as required, and a project implementation plan be prepared.

- Task 2.A.(ii) Integration and coordination of the Federation coal Mine Action Plan with the Electricity Action Plans in preparation for the privatization of the thermal power plants along with the coal mines that support them.
- Task 2.A.(iii) Separation of the accounting of all of the daughter business units of the EPs.
- Task 2.A.(iv) Combination of certain of the generating companies and distribution companies into more efficient operating units as identified in the action plans.
- Task 2.A.(v) Incorporation of Holding Companies and the separate daughter companies as joint stock companies from the reconfigured EPs.
- Task 2.A.(vi) Transition to full cost-based tariffs for all of the new Joint Stock Companies; and
- Task 2.A. (vii) Preparation of the generation and distribution companies in BiH for privatization plus agreement with the Governments on social programs for redundant workers.

**Task 2.B. Broader Public Understanding of Specific Energy Sector Issues and Challenges**

The contractor shall develop and implement a program of public outreach and education efforts to develop broader understanding of the energy sector, its needs, the challenges it faces, educate entity and state level cabinet members and parliamentarians, the media and the broader public. This program will support the efforts to transform the ISO into a full market operator. It will also educate stakeholders and the public on the need for the privatization of the EPs, including the preparatory steps required to do so, i.e., the reorganization of EPs, the hiving off of EPs' daughter business units, the incorporate of Holding Companies, etc. While serving as a broad educational effort, the chief aim of this program will be to help develop advocates for energy sector reform in these specified areas. This will need to consult and work closely with USAID's Economic reform Office CTOs, with parliaments and the media.

A briefing for Journalists on the Internal Action Plan was held to explain the Energy Community Road Map and the role of the Internal Action Plan.

Activities with NGOs picked up speed: a meeting was held with the SOROS Foundation with regard to assistance in planning cooperation for a second NGO conference on energy issues. A policy paper being written by an expert group will form the basis of the follow-up conference.

The Public Outreach team continues to assist the two Entity regulators and ISO in PR capacity building.

ANNEX A Cont'd

Task Progress Chart

ACTIVITIES & DELIVERABLES Scheduled For This Period	PROGRESS TO DATE		
	Completed	In Progress	Deferred
Contract signature and authorization to start work	•		
Inception meetings with USAID CTO, March; project briefing with USAID Mission BiH	•		
Install REAP systems and equipment in local office	•		
Introduce project to the stakeholders	•		
Review and finalize Annual Work Plan and PBMS with USAID; performance indicators with CTO	•		
PBMS and R-4 reporting to USAID	•		
Annual and Completion Reports	•		
Demobilization Plan			•
<b>TO 1: BIH ENERGY SECTOR FULLY INTEGRATED INTO THE REGIONAL MARKET AND THE EU</b>			
<b>KRA 1 Creation of Legal and Regulatory Framework for Gas</b>			
<b>KRA 1.1 Legal gas framework creation</b>			
<b>KRA 1.1.1 Draft three gas laws</b>			
RS Draft Gas Law brought into substantial compliance with the EU Gas Directive.	•		
State Gas Law draft from previous project separated into draft Federation and State laws based on the electricity sector structure and to the extent possible, harmonized with the RS passed gas law.	•		
<b>KRA 1.1.2 Introduce draft gas laws into three legislative bodies and work to assist their passage</b>			
Assisted with revisions to the law when the individual Ministries put it into final format.		•	
Interacted as requested with the legislative committees responsible for an energy law, individual parliamentarians or party heads that desired information on the law.		•	
Reviewed as requested amendments from the committees and the plenary sessions from each House of the RS National Assembly and Federation and State Governments.		•	
Talking points, presentations and other lobby materials were prepared in conjunction with the REAP Public Outreach program to make the laws understandable for parliamentarians and the media, as well as the Ministries involved.		•	
<b>KRA 1.2 Secondary gas legislation</b>			
Advised regarding the amendment of the existing regulator formation documents to include jurisdiction over the gas sector.		•	
Advised and assisted with regard to appropriate regulations to be drafted by each regulator covering practice and procedural rules, tariff methodology, licensing rules, system operational rules, conditions of supply, third party access rules and uniform system of accounts;			•
Advised on design of coordinated format for drafting of the system			•

operational rules, conditions of supply, and submission to commissions for approval.

**KRA 1.3 Gas license and tariff proceedings commenced and completed**

According to REAP advice, regulators ordered commencement of interim licensing proceedings.

Regulated companies filed applications for interim licenses.

Interim licenses issued to natural gas undertakings.

Regulators ordered the commencement of initial tariff proceedings utilizing the uniform system of accounts.

Regulated undertakings filed applications for tariffs as ordered.

Decisions on tariffs were issued in all proceedings.

**KRA 2 Transformation of ISO into a full MO after the Transition Phases of the internal BiH Market**

**KRA 2.1 Market Opening Plan**

Held a large conference with presenters from the region that addresses fundamental market concepts.

Developed a market design to move from the current closed market to bilateral contracts and the balancing market, with gradual deregulation of generation, addressing the issue of export in a hydro-thermal generation market.

The market design clarified the party responsible for each step of market evolution and for market operation.

The market opening plan for both electricity and gas included a vulnerable customer plan.

A concerted lobby and communication effort for a vulnerable customer plan, directed to the RS Ministry of Economy, Energy and Development, Federation Ministry of Energy, Mining and Industry, MOFTER, the Entity Prime Ministers and Presidency, the legislative bodies, and the public as appropriate and necessary was effected.

The electricity market opening plan was built upon, and one was created for natural gas with detailed regulations for suppliers of last resort and customer switching.

A new Grid Code was developed by the ISO and approved by the State Electricity Regulatory Commission.

New Market Rules were developed by the ISO and approved by the State Electricity Regulatory Commission.

A tactical decision was made with the ISO, Technical Committee, regulator(s), and other stakeholders whether to develop new Market Rules for the balancing market as provided in KRA 3.8, or whether to evolve the Market Rules in two steps.

Support was given to the ISO in working with the Technical Committee on any revisions needed to the Grid Code and Market Rules.

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**KRA 2.2 Market Monitoring**

Developed practices and procedures for the ISO and the Regulatory Commission(s) to employ market monitoring for anticompetitive conduct/market power.

**KRA 2.3 Grid Code and Market Rules**

A new Grid Code was developed by the ISO and approved by the State Electricity Regulatory Commission.

New Market Rules were developed by the ISO and approved by the State Electricity Regulatory Commission.

A tactical decision was made with the ISO, Technical Committee, regulator(s), and other stakeholders whether to develop new Market Rules for the balancing market as provided in KRA 3.8, or whether to evolve the Market Rules in two steps.

Support was given to the ISO in working with the Technical Committee on any revisions needed to the Grid Code and Market Rules.

**KRA 2.4 ISO and Transco governance for smooth operations**

Reported with regard to the EU’s new energy directives’ direction to maximize the leverage of the ISO as the organization of the future, the alternative being the requirement to unbundled ownership of a TSO. This premise underlay and supported all activities of this KRA.

Areas where the Transmission Company, Elektroprivrede regulator(s), governments and other stakeholders do not accept the mandates of the Transco and ISO Laws were identified and those areas were included for consideration in the workshops identified in KRA 2.1.

The status and operability of the EBRD’s SCADA system installation and operation and the EBRD’s assessment of ISO operation were determined, along with the ISO’s and European Investment Bank (EIB) plan for funding of the ISO balancing market software and other software necessary for market monitoring, dispatch and other functions.

The regulatory filings of the ISO were reviewed, including the tariff filings, to determine if appropriate financial and legal support for tariff and any other requests had been included to enable SERC to afford nondiscriminatory support and all due consideration to the ISO to enable it to develop into a robust and functioning ISO that phases into the role of balancing market operator according to the ISO Law.

A financial plan was developed for the ISO’s next tariff proceeding to finance requirements for the future software and the ongoing training necessary for a robust ISO and balancing market operator.

Assisted with the compilation of the next ISO SERC tariff filing to assist with the inclusion of the appropriate legal and financial arguments to the regulatory commission to ensure legal and nondiscriminatory regulatory support to the ongoing development of this organization were agreed and approved.

**KRA 2.5 Labeling sources of electricity**

A suppliers’ labeling program developed and provided that enables customers to identify the characteristics of the electricity generated

REAP team gathered EU nuts and bolts practice and enlisted in-house experts for research. This information was passed to the regulators and other stakeholders for addressing in the technical or regulatory rules, and/or conditions of supply. The REAP team advised the regulators with regard to implementing this practice in its rules.

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### **KRA 2.6 Balancing market price methodology**

An expert developed a price methodology for setting balancing market prices, which will govern the supply and purchase of electricity in the current non-liquid situation. The methodology was submitted by the ISO to the regulator and accepted thereafter.

Support was given to the ISO in working with the Technical Committee, if any, with regard to the balancing market price methodology.

Detailed workshops were arranged for the SERC and ISO with regard to implementation of the balancing market pricing methodology.

A workshop was arranged for the sector as a whole to explain the pricing methodology.

### **KRA 2.7 State Regulatory Commission MO Approval**

Guidelines and draft procedures developed for the ISO to become a Market Operator in a procedure that complied with the ISO Law and any rules of the regulator.

Guidelines and draft procedures were provided to the state regulator regarding the approval of the ISO as a market operator.

The REAP Team submitted advice and assistance on recommended guidelines and procedures for the ISO to apply for the status of a balancing Market Operator.

Hands-on working meetings were held by the Chief of Party with the ISO and regulator(s) with regard to development of such guidelines and procedures.

### **KRA 2.8 Procedures for balancing market**

Transparent, non-discriminatory and cost reflective mechanisms for balancing the market developed. Thereafter, they were approved by the regulator(s).

The decision regarding whether one or two sets of Market Rules would be developed determined whether both an interim and final set or only a final set of Market Rules were developed, the final set of Market Rules included the procedures for and operation of the mechanisms for the Balancing Market.

Support was given to the ISO in working with the Technical Committee and regulator on any drafting or revising of Market Rules.

Support was given to the ISO in creating a filing for approval of Market Rules that incorporated the procedures and mechanisms for market balancing, ensuring that the procedures were explained to the regulators (and public, since the filings are public) in an understandable way.

## **KRA 3 Unification of the Regulators**

### **KRA 3.1 MOU for unification of the regulators**

Developed a framework for an interim step to full unification that provides for more extensive interaction and cooperation between the three regulators.

Drafted a Memorandum of Understanding (MOU) to be signed by the Republika Srpska Ministry of Economy, Energy and Development, the Federation Ministry of Energy, Mining and Industry, and the Ministry of Foreign Trade and Economic Resources that memorializes closer

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coordination of the three regulators in planning and execution of their work, working toward the eventual full unification of the regulators into one regulator.

Obtained execution of the MOU by the respective Ministries.

Mobilized the public outreach and communication program to explain to the legislators, media and public the benefits of the work toward unification.

**KRA 3.2 Amendments to the three electricity laws**

**KRA 3.2.1 Draft amendments to the three electricity laws for unification of the regulators**

Drafted amendments to the three electricity laws that would allow the full and legal unification of the regulators.

**KRA 3.2.2 Introduce draft amendments into three legislative bodies and work to assist in their passage**

Assisted in getting the amendments to the three electricity laws passed through the legislative authorities, including:

Assisted with revisions to the amendments when the individual Ministries put them into final format;

Interact as requested with the legislative committees responsible for energy, individual parliamentarians or party heads that desire information on the draft laws.

Reviewed requested amendments from the committees and the plenary sessions from each House of the RS National Assembly and Federation and State Parliaments.

Mobilized of REAP public outreach and communication for lobby materials for all counterparts and press, including presentation materials to explain to the legislators, media and public what the unification effort means and what the benefits are.

**KRA 3.3 Establish State Energy Regulatory Commission**

State Energy Regulatory Commission established.

Assisted with the amendment of statutes, rules of work, organization charts, and internal procedures.

**TO 2 Restructuring and Privatization of the EPs**

**KRA 1 Implementation of the Action Plans**

**KRA 1.1 Unbundled EP Companies Corporatized**

Produce current status of the Action Plan and a base line of action plan implementation.

Determined the legal framework for further implementation of the Action Plans.

Determined the status of the Federation Government/EP intentions with regard to further implementation of the APs.

REAP Participation ensured in any working groups with the three Ministries, WB, EC, EPs and other members of the IC on the energy study and/or strategy being funded by the WB and EC.

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Identified RS Government plan with regard to further re-organization of EPRS.

Provided advice and encouraged the unbundling of the Federation EPs and lobbied the Federation Government therefor.

Memorialized guidance on the development of accounting systems of the separate unbundled daughter companies.

Determined the three EPs' intentions with regard to recombining generation and distribution companies into more efficient units.

Provided assistance with regard to realization of the EPs' plans to rationalize unbundled companies.

**KRA 1.2 Accounting Unbundling and Full Cost-Based Tariffs**

Reviews provided of the current accounting system at present time in all three EPs, shares of liabilities and commercial relations within each company, if any.

Determined status of the Federation EPs' intentions with regard to unbundling and developing of their accounting systems.

Determined status of the WB Manitoba Hydro accounting system pilot projects that will enable accounting unbundling.

Determined plans and the timing of Entity Regulatory Commissions and EPs to develop DSOs.

The commencement of specific activities aimed at creating the DSOs in the near future encouraged.

The three regulatory commissions assisted and encouraged to establish their uniform system of account rules and enforce them.

The EPs capacity and capability to implement uniform and separate accounting system assessed.

Advice provided to EPs on capacity building with regard to separated accounting systems.

**KRA 1.3 Integrate Coal Mine and Electricity Action Plans**

Reviewed the Coal Mine Action Plan.

Determined the status of the Coal Mine AP and extent of harmonization with the electricity AP.

Analyzed the rationale and wisdom of the merger of coal mines into generation plans.

Analyzed a gap with regard to different commercial and legal status of coal mines in the Federation.

Assessed necessity of keeping or moving the regulation of coal prices into regulators.

Ensured that the International Community and ministries understand and assist with the plan to resolve potential problems with regard to different bodies in charge of regulation of coal and electricity prices.

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**KRA 1.4 Training Programs for Redundant Employees**

Policy options analyzed in the development of social programs for redundant employees made redundant because of efficiency streamlining measures as the unbundled EP companies are rationalized for current or future planned privatization,

Government’s intentions regarding the policy options determined,

Other countries’ experience with regard to redundancy programs communicated.

Appropriate training programs for redundant employees proposed.

Advice provided with regard to preparation of the EPs’ social programs for current or future streamlining that may render employees redundant.

Effected mobilization of REAP public outreach program with regard to better understanding the social program for persons made redundant by streamlining the EP unbundled companies.

**KRA 1.5 Implementation of EU Environmental Directives**

Status of environmental regulation in the Entities and the State level at present time determined.

Energy Community Treaty requirement assessed as well as the current legislation and rules applicable to new investments.

EC Directorate and SEE Energy Treaty Directorate consulted regarding plans to take appropriate steps to comply with the EnC Treaty.

Status of the EPs’ rules, practices and intentions with regard to such, current or future, requirements determined.

Advice and procedure developed for compliance with the EU Treaty environmental requirements.

**KRA 1.6 Commercialization/Privatization of Generation and Distribution**

The plans of the Entity Governments for commercialization of BiH generation and distribution determined.

Determined how the current privatization/commercialization investment plans are being framed and actualized.

Determined what plans of the Entity Governments are with regard to coal mines commercialization/ privatization if they have not been merged with EPs.

Other countries’ experience (transition countries, new EU member countries) with regard to commercialization/privatization communicated.

Plans for privatization co-created, whether immediate or future, with no definite implementation date but have a specific EU accepted structure that is transparent and organized.

**TO 3 Cross Cutting Objective: Broaden public understanding of BiH energy sector issues and challenges**

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reform sector which will use this knowledge to influence policy makers and encourage a more active citizen involvement in the decision making processes.

**KRA 3.2 NGOs help advance energy sector**

One-on-one work and joint effort provided with the selected NGOs on their mutual cooperation and the exchange of information related to the energy sector reform.

Developed a system of mutual information from the citizens to the regulators, the ISO and the decision makers, and cooperation with the media.

**KRA 4: media Reports on Energy Reform**

**KRA 4.1 Journalists/Editors Understand Energy Reform**

# trainings conducted for journalist/editors regarding Legal and Regulatory steps that BiH should take to meet the Energy Community Treaty requirements, the function of the ISO, the function of the regulators and restructuring and preparation for the commercialization of energy companies

**KRA 4.2 Media employ high professional standards**

# of trainings conducted for journalist in business and economy reporting, particularly in covering the energy sector.

**KRA 4.3 Use research and expert sources**

Meetings guided/organized and a collaborative relationship established between media outlets and professional research agencies and experts in the energy sector

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**ANNEX C**

**REAP Staff**

<b>Name</b>	<b>Position</b>	<b>Start Date</b>
<b>Jane Wilson</b>	<i>Chief of Party</i>	<i>March 14, 2007</i>
<b>Ognjen Markovic</b>	<i>Deputy Chief of Party</i>	<i>June 1, 2007</i>
<b>Drazena Peranic</b>	<i>Public Outreach and Communication Specialist/Lobbying and Media</i>	<i>April 9, 2007</i>
<b>Nermin Nisic</b>	<i>Public outreach and Communication Specialist/Organizational Strengthening</i>	<i>August 1, 2007</i>
<b>Alma Brkovic</b>	<i>Office Manager/Translator</i>	<i>March 16, 2007</i>
<b>Dzenita Becic</b>	<i>Executive Assistant/Translator</i>	<i>April 9, 2007</i>
<b>Elma Haveric</b>	<i>Legislative and Regulatory Specialist</i>	<i>October 19, 2007</i>