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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
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I. EXECUTIVE SUMMARY

Progress toward a state gas law stopped, even though an Agreement on Energy Policy Principles was agreed by the three Prime Ministers. Comments were submitted on several regulatory proposals by REAP, in particular the State Electricity Regulatory Commission's proposed changes to the tariff methodology for ancillary services. REAP also advised the FERC on an ongoing basis on the supply problems in the Federation. REAP and the Federation Ministry of Mining, Energy and Industry agreed on the draft Federation Electricity Law; to ensure consistency when the law is re-introduced into the Federation Parliament, REAP met with Parliamentarians to inform them of the items agreed. Energy Sector Presentations were arranged and given in the Republika Srpska National Assembly and arrangements in the State Parliamentary Assembly were begun. Much interaction with NGOs on energy activities occurred this quarter, including the Heinrich Boll Foundation, SOROS, FONDECO and the Helsinki Committee for Human Rights.

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

Gas Expert Group Status. REAP has consulted with the Ministry of Foreign Trade and Economic Resources (MOFTER) on an ongoing basis with regard to gas reform. In one meeting, MOFTER and REAP discussed the Council of Ministers decision to accept the Agreement on Energy Policy Principles signed by the three Prime Ministers. REAP was informed in the meeting that MOFTER will prepare a thorough review for the Council of Ministers on the work of Expert group for gas which was charged with the task of developing a proposed State Law on Gas. The review will describe the positions of the two Entities and describe the political difficulty both sides have in being able to shift their respective positions to come closer to each other. This review will be prepared as a part of a Council of Ministers Plan for fulfillment of requirements set by the Stability and Association Agreement, as well as the activities related to the adopted three Prime Ministers' Agreement on Energy Policy Principles, which includes a commitment to harmonize and issue a BiH Gas Law.

Meeting with EBRD. REAP met with EBRD representatives about one of EBRD's upcoming projects. The project is a 40 kilometer pipeline between Zenica and Travnik. EBRD noted that the project would be funded pursuant to a 2006 State law by a sovereign guarantee and another at the Federation level. He noted that the bylaws of this new funding arrangement at the State level were still being developed. EBRD is considering three possible conditions for this loan:

- The distribution tariff determination to be moved from the cantonal level to the Entity level regulator.
- BH Gas to unbundle into Transmission and Trading, and
- The costs of the new pipeline to be rolled into the tariff.

REAP assured EBRD that it supports the project but suggested that the first condition should be amended because, in fact, it is the Entity level that is responsible for tariffs. EBRD disagreed, so REAP sent EBRD a follow-up legal memorandum, explaining that the Federation gas decree states that the Entity Agency is responsible for tariffs.

2. Transformation of the ISO into a full Market Operator

ISO Management Board Public Meeting. REAP met with ISO representatives who expressed their satisfaction with the work that had been done in 2008. They pointed out a number of problems that they faced in the past year, such as poor cooperation with Transco, SERC being slow in responding to the ISO requests, ISO being unable to complete tasks such as ancillary services and

cross-border auctions. REAP drew their attention to the EU Accession progress report, in particular the section on the BiH energy sector reform, citing that the EC assessed that the energy reform in BiH is stalled and has not moved far from the beginning.

3. Unification of the Regulators

SERC Connection Rule. The SERC Connection Rule continued to make its way through SERC's procedural process. The draft was issued in April and REAP's comments submitted the same month. REAP attended the SERC public hearing for the connection rule this quarter, and the SERC adopted the final rule in October. REAP discussed the Connection Rule at a meeting with the ISO. The position of the ISO is that SERC in a few Articles of the Rule which pertain to the obligation for concluding contracts between the customer and Transco left out the obligation of the ISO to participate in approving the connection contract and left Transco the only responsible party. The ISO is preparing a letter to SERC to point out this error.

SERC's Draft Amendments to the Rule on Tariff Methodology Concerning Ancillary Services. SERC proposed draft amendments to the Rule on Tariff Methodology Concerning Ancillary Services, and REAP filed comments on the proposal. The EPs have been unwilling to provide quantities for ancillary services to the State ISO; and since generation is under the jurisdiction of the entity regulators, REAP suggested that the three regulators work together on this matter. The proposed rule suggested that the ISO prescribe proposed tariffs for ancillary services; in response, REAP suggested that the SERC not delegate its statutory tariff authority to another body that has no tariff training or experience in designing tariffs. Finally, REAP commented that the invoicing and payment provisions could be organized more coherently, and the pricing provisions for secondary and tertiary services, regulation of voltage and reactive power and black-start capability were ambiguous to the point that a provider would not be able to calculate the prescribed price in advance. REAP also attended the SERC's hearing on the amendments and received and reviewed the comments of various sector stakeholders (ISO, Transco, EPRS, RSERC and EPHZHB) on the draft amendments. REAP found at least three sets of the comments – those of the ISO, Transco and EPRS – to be constructive and generally consistent with REAP's comments.

Meeting with FERC. REAP met with FERC to discuss a number of issues. Each of the three commissioners stated their points of view regarding a regulatory policy required in the new draft Federation Electricity Law, and they described their current activities. The Connection Rule has required much work, as the FERC is attempting to harmonize the positions of the two EPs on shallow and deep connections. FERC also described the process that had occurred in attempts to close the energy balance (the annual forecast) that culminated in the Ministry issuing a Conclusion (which is not legally binding, as opposed to a decree.) The recurring problem in closing the energy balance is that EPBiH has a surplus and EPHZHB has a deficit. This year the non-binding conclusion included provisions that the two industrial customers that have eligible customer status were required to purchase part of their load, and EPBiH was to sell 400 MWh to EPHZHB on mutually agreed terms.

EPBiH and EPHZHB Proposed Connection Rules. REAP analyzed the two proposed connection rules from the Federation EPs, alongside that of that of EPRS, which has already been approved by RSERC. Even though all three rules use the same cost structure, there are differences between the rules for the two Entities that could cause different connection fees for similarly-situated customers. Further, it is not clear whether the Federation tariffs will be raised due to these new rules.

B. Restructuring and Commercialization of Energy Companies

Federation Electricity Law. After REAP completed its work with the Federation Ministry of Energy Mining and Industry to resolve all issues with regard to the new Federation Electricity Law, REAP met Parliamentarians in the House of Representatives of the FBiH Parliament to

inform them of the resolution of USAID/REAP concerns about the law. The parliamentarians' reactions to the meeting and REAP's activities on keeping them informed were very positive, and they welcomed REAP's approach of working with decision makers in this way. REAP will remain available for future meetings with parliamentarians when the new version comes again to the parliament's agenda. After the Draft Law passes the House of Peoples, Ministry representatives wanted to meet again with REAP to finalize the draft and to reinsert a definition of public service obligation. REAP prepared the redlined version of changes to the original draft Federation Electricity Law and a table that outlined in a simple format what changes were made, as agreed by REAP and the Ministry.

Note on Brcko. REAP prepared a Note on the Brcko District that addressed its supply situation. Since technically, Brcko and its residents are eligible customers (as neither the Federation nor Republika Srpska tariff prices apply to the Brcko District territory), research by REAP determined that in fact the Brcko Public Utility for electricity, water and sewage has a surplus in revenues of approximately 5 MM KM for the first six months of the year. Thus, if necessary, sufficient funds exist to pay for electricity on the market.

Implementation of EU Environmental Directives. REAP met with MOFTER representatives from the Environmental Protection Department and discussed the current situation in the state and both Entities regarding the status of meeting the Energy Treaty's requirements on the environment. MOFTER's vision of how BiH will meet the Energy Treaty requirement involved the fact that EC consultants have prepared a draft State law on environmental protection, in which the role of MOFTER is defined and the establishment of a State Agency is foreseen. This law will enable BiH to implement some of the Hrvoje Pozar recommendations from its Energy Study. Finally, the BiH Council of Ministers adopted an Action Plan prompted by the Stabilisation and Association Agreement that provides for actions that will lead to compliance with the Energy Treaty requirements. One of the actions is the development of a Strategy to meet EU Directive requirements.

Coal. The Federation Parliament passed the Law on Rehabilitation of Mines which merges all but one Federation coal mine with the EPs. REAP wrote an analysis on the proposed Law on Rehabilitation of Mines and an assessment of the FBiH Government Program on Restructuring and Modernization of the Mines. The Federation Ministry of Energy, Mining and Industry appointed a Commission that was to work on an Action Plan for Restructuring of the Electricity Sector and Coal Mines in FBiH. The Commission issued an opinion that found (i) the document they were to consider does not exist; (ii) their assignment on forming a complex organization cannot be legally be accomplished because such organization does not exist in the Law on Business Enterprises; and (iii) the coal mine Action Plan first requires restructuring of the mines before merger into EPBiH, when the new law proposes the reverse.

EPBiH Initiative to Revise the Action Plan. Some years ago, the Federation approved an Action Plan for reform of the sector. Many of the items in that Action Plan have been achieved: the Transco, ISO and regulators have been formed, and the RS has implemented almost the entire Action Plan. Unfortunately, the Federation EPs have not even unbundled. EP BiH sent its Initiative to Revise the Action Plan to REAP for comment, proposing that instead of requiring full unbundling, unbundling into general functions would be sufficient. REAP analyzed the proposal but did not support it, as had been hoped by EPBiH.

Prime Ministers Agreement on Energy Policy Principles. Soon after the issuance of the BiH Progress Report by the EU in November, the three Prime Ministers met and made an Agreement on Energy Policy Principles. The Agreement is not binding and merely expressed the parties' intentions. Two specific points have an impact on REAP: (i) the two Entities will harmonize and issue a State Gas Law; and (ii) Transco issues will be resolved, including urgent measures and activities for unblocking the Transco, harmonization of the Transmission Company Law and Statute of the company, and further treatment of the 110 kV lines.

Draft Law on Concessions. REAP analyzed the proposed changes to the Federation Concession Law, specifically the changes that will impact the gas and electricity sector. It was noted and pointed out to the Ministry of Mining, Energy and Industry that there were no provisions for the concession process to take the Federation policy into consideration. The Ministry resolved to suggest in a public hearing that the amendments be fully harmonized with sector policies.

Request by RS Ministry to Review Draft Oil and Oil Derivatives Law. The RS Ministry of Economy, Energy and Development requested REAP to review the draft RS Law on Oil and Oil Derivatives. The law basically cut and pasted provisions from the laws of Croatia, Serbia and Macedonia and required a level of reform that is unnecessary in the oil sector, as end users are not connected to oil and oil derivative facilities like they are in the electricity and gas sectors. REAP sent a general, one-page comment to the Ministry addressing these issues in the Draft Law. RSERC agreed with REAP's comments and advocated for them with the Ministry. The Ministry will redraft the law and recirculate it to REAP and RSERC.

Amendments to Republika Srpska Electricity Law. A new round of amendments to the Republika Srpska Electricity Law is being prepared, originally initiated by EPRS. The goals of the EP's amendments are to strengthen its holding company. The Ministry inserted a definition of Public Service Obligation (PSO), and REAP explained to RSERC that the Federation Ministry had done the same thing; however, REAP felt that the PSO and universal service obligations should have their own article.

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

Parliamentarians

Republika Srpska National Assembly (RSNA) Sector Presentation: In preparation for the upcoming RS National Assembly presentation of the energy sector, REAP provided assistance to Transco, ISO and RSERC in designing their presentations. REAP assisted the RSNA in drafting invitations for the presenters. Also, REAP suggested that the FERC and RSERC coordinate preparation of their presentations for the State BiH Parliament, in order to avoid overlap. On November 3, 2008, the National Assembly of Republika Srpska energy sector presentation took place. Some 25 parliamentarians attended, including members of the Committee for Economy and Finance. The moderator of the presentation was Uros Gostic, Chairman of the RSNA Committee for Economy and Finance, who pointed out that the presentation's aim is to support parliamentarians' understanding of energy sector and inform them as to what is important on that issue.

BiH State Parliament Sector Presentation: REAP was continuously in contact with the State Parliament officials in order to arrange the date for the sector presentation in that legislative body. During this time, REAP met with MP and President of the House of Representative's Committee on Transport and Communications, who is supposed to be the moderator of the presentation. At this point REAP is expecting that the presentations could take place in late Jan 2009.

Media

Cooperation with media: REAP continuously acted as a source of technical information as well as to provide input to journalists covering the energy sector from different media outlets.

Media support FERC Chairman: Since Ms Djulizara Hadzimustafic became FERC Chairman, the media has shown interest in promoting her as a successful Bosnian woman in the professional sphere. Director of radio network AlterMedia called REAP and asked for support in communication with FERC and creation of a series of radio shows related to energy sector reform, the independence of regulators and the Chairman's role in it. REAP informed FERC about this idea and offered REAP support in preparing her for this public appearance.

Regulators/ISO/Governments

ISO PR Capacity Building: REAP PO sent a letter to the ISO Management Board and ISO Management on Oct 7, 2008, proposing a detailed activity plan to be undertaken to improve the ISO PR function. REAP offered its assistance in implementation of the proposed activities. Attached to the letter was a proposed list of activities, as well as a Scope of Work for the ISO PR person.

Regulator/ISO PR Capacity Building: REAP contacted the ISO and RSERC PR persons to initiate activities aimed at improving their public relations efforts by creating their work plan for the year of 2009. REAP suggested they identify what the goals of both ISO and RSERC are for 2009, upon which detailed work plans of their PR activities would be designed. REAP intended to provide day-to-day support in its implementation. REAP received information from Public Outreach employees from RSERC and the ISO re their respective organizations' activity plans for year 2008 (ISO) and 2009 (RSERC).

ISO Management Board meeting: During the ISO Management Board public meeting attended by REAP, the Chairman of the Board welcomed REAP's assistance and stressed the need for the ISO to improve its PR function. However, having in mind the importance of this task, the Chairman stated that the ISO Management Team will carefully analyze the REAP paper on measures for improving the ISO public relation function and will design the most acceptable plan for the ISO, based on the REAP proposal. Also, the point was made that ISO prefers to keep low profile in these turbulent times.

Consumer Organizations/NGOs

Cooperation with Heinrich Boll Foundation: REAP met with Heinrich Boll Foundation representatives to introduce USAID REAP and to learn of the Foundation's activities and goals. REAP was asked to provide assistance to the foundation's upcoming project – a regional magazine that would deal with energy-related issues – and to write articles for the magazine and assist in re-writing complex concepts, laws, etc. into simple and understandable formats.

Sarajevo NGO Conference on Energy: As a follow-up to activities with the SOROS Foundation, REAP received an invitation to take part in the NGO conference entitled "Fair and Clean Energy for the Balkans - Follow up of the SEE Regional Conference", which took place in Sarajevo. REAP addressed NGO representatives in the conference, presenting the REAP project and its goals, the importance of implementation of the Energy Community Treaty, goals of the Treaty, democratization of decision-making processes and the need for NGOs to find their place in those processes. In addition, REAP shared its successful efforts in lobbying FBiH parliamentarians and informing the media, suggesting that NGOs use similar techniques to achieve their goals.

Belgrade Regional NGO Conference: REAP made a presentation at the Heinrich Boll-organized conference "Green Alternatives" on Nov 25 & 26, 2008. The presentation was made by REAP.

Helsinki Committee for Human Rights Conference: On Dec 4, 2008, the Public Outreach team attended a conference titled "Human Rights in Area of Environment and Sustainable Development", organized by the Helsinki Committee for Human Rights and Heinrich Boll Stiftung. In preparation for this conference, the Helsinki Committee contacted REAP to ask for documents on environment policy related to energy for use in putting together a pamphlet on human rights. REAP advised HCHR to look at the Hrvoje Pozar Energy Sector Study in BiH, Module 13 - Environment.

Article for FONDECO Magazine: REAP was requested by NGO Fondeco to contribute with an article for the upcoming issue of the magazine that would treat the climate changes issue. REAP drafted an article entitled "Climate Changes and the Energy Sector" for FONDECO Magazine.

III. PROBLEM AREAS

- Expert Gas Working Group. The Gas Working Group remains blocked, even though REAP and three members of the Energy Community Secretariat have attended meetings and attempted to assist. The three prime ministers in the Agreement on Energy Principles agreed to harmonize and issue a state gas law, but no action whatsoever has been taken by any of the Working Group members, nor has any been authorized by the involved Entity Ministries or Governments.
- Unbundling. The Federation EPs remain unbundled with discussion of unbundling but little, if any, action taken.

IV. SEVENTH QUARTER DELIVERABLES

Information for USAID

- Article in *Oslobodjenje* on Nabucco, dated 10-1-08, in English and local language.
- ENREG presentations, one on pricing and gas tariff methodology, dated 10-9-08, in English and local language.
- Info Reconstruction of EBRD loan for the project of BiH Electricity Sector Restructuring _loc
- Decision on granting approval for concluding contract on the amendment of EBRD loan for Electricity Sector restructuring -loc
- Report_BHGAS_2005_loc
- Action Plan for Implementation of Priorities according to the EU Partnership, in English and local language, undated.
- BIRN Serbian Gas Price Scandal, dated 10-23-08, in English only.
- European Partnership Decision 2-18-08, in English and local language.
- SOROS Fair and Clean Energy Follow Up Conference in Sarajevo
- Opinion on Appointment of EPBiH Commission for Action Plans, dated 10-3-08, translated 10-29-08, in English and local language.
- SERC Rule on connection, final adopted redline, dated 10-23-08, translated 10-30-08, in English and local language.
- Three Prime Ministers Agreement on Energy Principles, dated 11-6-08, in English and local language.
- EnReg Invitation for tariff training, dated 11-11-08, in English and local language.
- EPBiH Framework Agreement on Strategic Partnership with APET, dated 10-6-08, in English and local language.
- RS draft Oil Law, dated October 2008, in English and local language.
- Transco map 2 11-08 pre-investment.
- Transco map planned investments 2009.
- RCC Parliamentarians Workshop Agenda, dated 11-21-08, in English and local language.
- RCC Parliamentarians Workshop invitation, dated 11-21-08.
- RCC Parliamentarians Workshop invitees.
- Summary of the Analysis of the RS position in Transco by EKC, dated September 2008, in English and local language.
- Report on Gas Price for FBiH Parliament from November 2008 in English and local language
- Report on energy undertakings business operations, dated 9-29-08 in English and local language
- Article in NN on Kebo's letter and Transco Audit, dated 12-2-08, in English and local language.
- FENA Article on unblocking of Elektroprenos (Transco) BiH, dated 12-4-08, in English and local language.
- Elektroprenos (Transco) Prime Ministers agreement, dated 12-3-08, in English.
- Coordinated Auction Office (CAO) MOU for signature, dated 10-27-08, in English.
- EC Letter to Ministers re signature of CA MOU, dated 10-27-08.
- Article from Nezavisne Novine regarding Transco, dated 12-5-08, in English and local language.

- RCC Conference for Parliamentarians on Energy, workshop on 12-15-08, in English and local language.
- Revised RS Law on Oil, dated 12-1-08, in English and local language.
- Presentation from EnReg workshop, dated 12-16-08, in English and local language
- Invitation to meeting on implementation of Transco Shareholders Assembly conclusions, dated 12-11-08 in English and local language
- SERC Tariff Pricing Methodology with redlined amendments, dated 12-11-2008, in English and local language
- EPHZHB Comments on draft amendments to SERC RTM on ancillary services, dated 12-19-08, in English and local language.
- EPRS Comments on draft amendments to SERC RTM on ancillary services, dated 12-19-08, in English and local language.
- ISO Comments on draft amendments to SERC RTM on ancillary services, dated 12-19-08, in English and local language.
- RSERC Comments on draft amendments to SERC RTM on ancillary services, dated 12-19-08, in English and local language.
- Transco Comments on draft amendments to SERC RTM on ancillary services, dated 12-19-08, in English and local language.

Deliverables

- Draft USAID letter to Matan Zaric, dated 10-7-08, in English and local language.
- Note on Brcko, dated 10-9-08, in English only.
- Research article on Brcko, Information on Brcko Utilities Revenues, dated 10-9-08, in English and local language.
- Letter to ISO Management Board regarding Public Relations and Parliamentary Presentations, dated 10-6-08, in English and local language
- Benchmark and Timeline Issues, dated 10-8-08, in English only
- Prime Minister Straight Talk, dated 10-8-08, in English only
- Minutes from the REAP meeting with the Heinrich Boll Foundation, dated 10-8-08, in English only.
- Minutes from the meeting with Ankica Gavrilovic - Oct 10, 2008 Note on Brcko, dated 10-9-08, in English only.
- Report from HoR session on consolidation of mines-10-16-08-t-10-17-08-English_loc and English
- Text for invitations to BIH Parliament Presentations-generic 10-17-08 English and loc
- Transco Benchmarks and Time Table, dated 10-23-08, in English only.
- Memorandum from REAP to USAID regarding Transco Shareholder meeting, dated 10-24-08, in English only.
- Transco: Note on Status and Strategy, dated 10-21-08, in English only
- Transco: Plan A and Plan B, dated 10-20-08, in English only
- Transco: Next Steps, dated 10-21-08, in English only
- Memorandum REAP to USAID regarding RS resistance to ISO, dated 10-24-08, in English only
- Memorandum REAP to USAID on RS lack of cooperation on SAA Action Plan, dated 10-24-08, in English only.
- Letter RSNA to REAP regarding presentation, dated 10-24-08, in English and local language.
- Letter REAP to Perica Rajcevic of RSNA, dated 10-24-08, in English and local language
- Text for invitations in RSNA Parliament Presentations, Transco, dated 10-24-08, in English and local language.
- Agenda for RSNA presentation, dated 10-23-08, in English and local language.
- Parliament BiH postponement letter, dated 10-23-08, in English and local language.
- Note regarding Law on Rehabilitation of Mintes, dated 10-22-08, in English only.
- Obstacles in Energy Reform, dated 10-23-08, in English only.
- Obstacles in Energy Reform elaborated, dated 10-24-08, in English only.

- Report from the Regular Session of SERC on the Connection Rule, dated 10-24-08, in English only.
- Summary of USAID CRES meetings with BiH authorities, dated 10-24-08, in English only.
- Heinrich Boll Belgrade Conference invitation general, dated 10-23-08, in English and local language.
- Heinrich Boll Belgrade Invitation to Ognjen Markovic re conference, dated 10-17-08, in English and local language.
- EPBiH Excerpt from the Initiative to revise the Action Plan, dated 10-23-08, in English and local language.
- RSNA Sector Presentation Agenda, dated 10-27-08, in English and local language.
- RSNA Invitation for Presentation in the RS National Assembly, dated 10-27-08, in English and local language.
- RSNA Invitation to USAID and Embassy, dated 10-27-08, in English and local language.
- Benchmarks and Time Table, revised, dated 10-28-08, in English only.
- Presentation Benchmarks and Time Table, revised, dated 10-30-08, in English only.
- Timeframe for Benchmarks and Time Table (BT) revised, dated 10-30-08, in English only.
- Income tax Transco report to Management Board 2007, dated 4-4-08, in English and local language.
- Transco MOU Draft, dated 10-28-08, in English only.
- Critical REAP Achievements, 10-31-08, in English only.
- REAP Program Area Achievements in Fiscal Year 2008, dated 10-31-08, in English only.
- Report on Slovenia Gas Forum of 10-16-08, dated 10-28-08, in English only.
- REAP Report from Sarajevo NGO Conference, dated 10-30-08, in English only.
- Article from Sa-X on Energy Principle Agreement, dated 11-6-08, in English and local language.
- RSNA sector presentation, Transco Presentation – Mijatovic, dated October 2008, including a new slide, in English and local language.
- RSNA sector presentation, Transco Presentation – Mijatovic, new slide, dated 11-2-08, in English.
- RSNA sector presentation, ISO presentation, dated 11-2-08, in English and local language.
- RSNA sector presentation, RSERC, dated 11-2-08, in English
- Report on the Sector Presentation and RS Reaction, dated 11-2-08, in English only.
- Report on SECI meeting, dated 11-6-08, in English only.
- Memorandum Markovic to JW on Transco assets first look, dated 11-14-08, in English only.
- 01 Summary EP BiH Transco assets 12-31-04
- 03 Summary EP HAHB Transco assets 12-31-04
- Agreed FBiH Electricity Law FMERI and REAP, dated 9-18-08, in English and local language.
- Lobby Table of revisions to law, dated 11-12-08, in English and local language.
- Markovic Draft Concept of Presentation for Belgrade Conference, dated 11-10-08, in English and local language.
- Presentation to Belgrade NGO Conference, dated 11-13-08, in English and local language.
- REAP Comments on RS Oil Law, dated 11-13-08, in English and local language.
- Short report on the EKC Analysis of the RS Position in Transco, dated 11-21-08, in English only.
- REAP Facts November 08, dated 11-20-08, in English only.
- Report on participation on Belgrade Conference, dated 11-27-08, in English and local language
- REAP Analysis Table of Prime Minister's Agreement in Transco Shareholders Assembly, dated 12-3-08, in English only.
- Memorandum Markovic to Wilson re Implications of Agreement Shareholders Assembly, dated 12-4-08.
- Report on the 13th Athens Forum, Markovic, dated 12-5-08, in English.
- REAP brief on Federation Rules on Connection, dated 12-9-08, in English only.
- Paper on Electricity Transmission and Distribution Attributes, dated 12-9-08, in English only.
- Heco Meeting Talking Points, dated 12-12-08, in English only

- PM Transco Agreement Implementation, dated 12-12-08, in English and local language
- NGO SEE energy position paper, dated 12-12-08, in English only.
- NGO letter to Energy Community Secretariat, dated 12-12-08, in English only.
- NGO SEE press release, dated 12-12-08, in English only.
- Memorandum REAP to USAID, dated 12-8-08, in English only.
- REAP Comments on SERC Draft Amendments to Rule on Tariff Methodology, dated 12-19-08, in English and local language.
- Report from SERC's Hearing on Tariff Methodology Amendments, dated 12-18-08, in English only
- Report from EnReg Workshop Regulatory Reporting Obligations, dated 12-16-08, in English only
- Report from the SEE Parliamentarians Workshop, dated 12-15-08, in English only
- Report on ISO Management Board Public Meeting, dated 12-16-08, in English only
- Presentation on IAP that REAP prepared for the State Parliament Presentation on Energy Sector, dated 12_12_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

- BiH is being encouraged by the International Community that in light of the EU Progress Report in connection with the Stabilisation and Association Agreement and the gas crisis resulting from the cut-off from Russia's gas by Ukraine, to move forward in developing the state gas law. REAP will assist in the drafting of whatever legislation is agreed.
- Since the Federation is drafting a Federation Gas Law, REAP will assist in the final version.
- Whereas the RS is not actively engaged with the International Community, REAP will investigate the advisability of an Entity-specific market design effort, especially in light of the repeating Federation power balance emergency due to one EP in deficit and one in surplus.

Implement the Action Plan

- Continue to work to elicit comments on the Internal Action Plan from parties that have not yet submitted them.
- Work with MOFTER on implementation of its objectives as President of the Energy Community Ministerial Council. Also, assist MOFTER on documentation for the EU in the Reform Monitoring Process.
- Lobby on behalf of the Federation Electricity Law that is fully compliant with the EU Directive when reintroduced in the Parliament.
- Draft template energy and regulatory policy documents for the Federation Ministry of Mining, Energy and Industry.
- Encourage all three Ministries to devise a policy that will guide the regulators through both the Internal Action Plan based on the Secretariat Road Map and the market design process.

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

- Continue the journalist trainings, specifically with regard to the areas where BiH is non-compliant with the EU Directives, such as congestion management and an export fee in the transmission tariff, and gas when the Federation Gas Law is introduced in Parliament.

- Implement an ongoing lobby plan for Parliamentarians in the Federation to monitor and assist lobbying the amendments to the Electricity Law, protect the independence of the FERC, and encourage the development of a Federation Gas Law.
- Implement a lobby plan for Parliamentarians in the Federation to share information about any introduced gas legislation.
- Prepare and schedule the presentation of “Electricity Sector” presentations in the BiH Parliament.

VI. ADDITIONAL INFORMATION

A. Progress during the quarter v. scheduled

Activities are proceeding according to schedule other than the following:

KRA 1.1 Legal gas framework creation. REAP expected to be moving the state gas law from the Expert Group into the Parliamentary process by next quarter; however, because of political obstruction, there has been no harmonization of the Expert Group process and this activity will be delayed. It is possible that the Agreement on Energy Policy Principles, in which a harmonized and issued state gas law was agreed.

KRA 2.3 Grid Code and Market Rules. This quarter was to have seen the commencement of the process to revise the Grid Code and Market Rules. The ISO sees this process as REAP’s commenting on their drafts; however, no drafts have been developed.

KRA 2.1 Accounting Unbundling. Whereas REAP scheduled this activity through the first quarter of 2010 and the Federation Electricity Regulatory Commission says that the Federation EPs are accounting unbundled, REAP is hesitant to declare this task completed. Further confirmation is needed. EPRS is fully unbundled.

KRA 2.3 Integrate coal mine and electricity Action Plans. The Federation Parliament passed legislation this quarter that permits the merger of the Federation coal mines with EPBiH. Thus, while this activity was scheduled to commence this quarter, because it will require a completely new plan of action from the Federation Government, EP and the Mines, it must be pushed into the future.

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 occurred this quarter; however, the Chemonics subcontract for public outreach will be completed at the end of January, 2009.

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;

SERC's Draft Amendments to the Rule on Tariff Methodology Concerning Ancillary Services. REAP filed extensive comments on the SERC's proposal to amend the Rule on Tariff Methodology for Ancillary Services and attended the hearing thereon.

Meeting with FERC – Power balance and tariffs. REAP met with FERC and consulted with regard to the ongoing difficulty of closing the Federation power balance (annual demand forecast) because EPBiH has a surplus and EPHZHB has a deficit.

EPBiH and EPHZHB Proposed Connection Rules. REAP analyzed the two proposed connection rules from the Federation EPs, alongside that of that of EPRS, which has already been approved by RSERC.

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.

Several versions of a state level gas law have been drafted, although the Entity members of the Expert Gas Working Group have been unable to agree on any of them.

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

Status of Expert Working Group. REAP consulted with the responsible State Ministry on an ongoing basis throughout the period with regard to steps to take to once again kick start the process to move past the Entity disagreement on formation of a state TSO function, especially in light of the Agreement on Energy Policy Principles.

- 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.**

ISO Management Board Public Meeting. REAP met with the ISO Management Board Chairman and General Manager in their annual public meeting and reminded the ISO of the unfavorable EU Accession progress report regarding the stalled energy reform process.

- 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.

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:

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 **EnReg Dependent.**

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.

Federation Electricity Law. After REAP agreed to a draft Federation Electricity Law, it met within the Federation Parliament to inform members of the agreed draft.

Implementation of EU Environmental Directives. REAP met with MOFTER representatives from the Environmental Protection Department and discussed the current situation in the state and both Entities regarding the environment and how the requirements of the Energy Treaty

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:

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

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.

Coal. The Federation Parliament passed the Law on Rehabilitation of Mines which merges certain mines with the EPs. This impacts the task because an entirely new action plan will need to be created by the Government, EPBiH and mines.

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.

Parliamentarians

Republika Srpska National Assembly (RSNA) Sector Presentation: REAP organized and assisted presenters in a sector reform presentation in the RS National Assembly.

BiH State Parliament Sector Presentation: REAP implemented activities to schedule the BiH State Parliament Presentation, meeting with the MP and President of the House of Representative's Committee on Transport and Communications, who will moderate the presentation.

Lobbying for the FBiH Law on Electricity: REAP conducted a series of meetings with MPs from major political parties in the FBiH Parliament, in order inform the MPs on what was agreed between REAP and the Federation Ministry for Energy regarding the draft Law on Electricity and what they should expect when the draft law is resubmitted.

Regulators/ISO/Governments

Regulator/ISO PR Capacity Building: REAP worked with the ISO and Entity regulators to develop a 2009 public relations plan.

Consumer Organizations/NGOs

Cooperation with Heinrich Boll Foundation, SOROS, Fondeco and Helsinki Committee on Human Rights. REAP worked with the above-listed NGOs, making two presentations at NGO conferences, provided energy environmental material and wrote an article for publication in an NGO magazine.

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			•
TO 1: BIH ENERGY SECTOR FULLY INTEGRATED INTO THE REGIONAL MARKET AND THE EU			
KRA 1 Creation of Legal and Regulatory Framework for Gas			
KRA 1.1 Legal gas framework creation			
KRA 1.1.1 Draft three gas laws			
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.	•		
KRA 1.1.2 Introduce draft gas laws into three legislative bodies and work to assist their passage			
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.		•	
KRA 1.2 Secondary gas legislation			
Advised regarding the amendment of the existing regulator formation documents to include jurisdiction over the gas sector. EnReg dependent.		•	
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. **EnReg Dependent.**

KRA 1.3 Gas license and tariff proceedings commenced and completed EnReg Dependent

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.

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.

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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.

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.

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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 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.

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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.

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.

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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.

Effectuated 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

KRA 1 Regulators and ISO efficiently communicate

KRA 1.1 Regulators and ISO Promote Liberalization

Ongoing, one-on-one assistance provided to the three regulators in developing communication strategy, skills and techniques of public advocacy;

Defined the ongoing methodology for promoting liberalization in the electricity sector in general, the transparency of regulators' work;

Identified in-house capacity for carrying out future PR activities and/or creating a new job position for an outside PR specialist

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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

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