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Regulatory and Energy Assistance

Regulatory and Energy Assistance Project in Bosnia and Herzegovina (BiH) – REAP BiH

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Task Order # 05

Quarterly Progress Report

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Submitted to:

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I. BRIEF OUTLINE OF PROJECT PURPOSE AND APPROACH

On March 12, 2011, the USAID Regulatory and Energy Assistance Project (REAP) was extended to September 30, 2013. The two main objectives of the project activities remain the same: (i) to achieve a fully integrated energy sector into the regional market and the EU; and (ii) the restructuring and commercialization of energy companies. REAP is a market development oriented project that works to open the BiH market, with as many preconditions in place as possible. Market opening involves removing market impediments. To that end, REAP works to harmonize the regulatory work of the three commissions to facilitate integration of the market into the regional and EU markets and assist in the technical and detailed regulatory preparation for market opening. REAP also assists State institutions to facilitate BiH speaking with one voice in internal and international liberalization and to become familiar with and move toward implementation of the EU Third Liberalisation Package. Also, as requested, REAP assists the State Ministry for Foreign Trade and Economic Relations (MOFTER) to continue efforts on the state gas law. Regarding the second Task Objective, restructuring and commercialization of energy companies, REAP works in three areas: (i) assists the Federation to develop the Electricity Law where unbundling of the Federation EPs will be prescribed and where developing an energy policy is required; (ii) comments on the EPs' restructuring documents as requested, along with advising and proposing processes and roles to power utilities to restructure the Distribution System Operators into neutral retail market facilitators; and (iii) assists the EPs to develop and implement solutions to receive revenues through tariffs that reflect their justified costs.

As energy reform technical assistance in BiH, REAP provides advice and assistance as needed to the international community through USAID and to other USAID projects, the EU, and various international projects.

II. BRIEF DESCRIPTION OF SIGNIFICANT ACTIVITIES

Assist regulators to further harmonize rules that strengthen market regulation

After FERC drafted Amendments to the *Rule on Eligible Customer Supply*, REAP analyzed them, prepared and presented comments and suggestions at the Public Hearing held in Mostar on April 11, 2013. The most important comments and suggestions delivered by REAP at the hearing referred to the following issues: (i) Formula to calculate Public Supplier's electricity price, (ii) Allocation of capacity costs for purchased electricity by Public Supplier, (iii) Co-relation between Public Supplier electricity price and ineligible customers' tariff price. REAP suggested that FERC develop a more transparent methodology to determine the Public Supplier's electricity price and make them more market oriented and market dependent. REAP also sent its comments and suggestions to FERC in writing.

REAP also attended the FERC Technical Hearing on the implementation of the *Rules on General Conditions for Supply* held in Mostar on April 16, 2013. Since the point of discussion was the introduction of prepaid meters in the distribution network, REAP suggested that FERC develop a study that will analyze the technical and financial preconditions and feasibility for customers and EPs to install prepaid meters. Such an analysis can be the basis for discussion on the prepaid meters as an option to traditional meters.

Lead Case Study effort, consisting of open market base case and scenarios

During the reporting period, REAP invested much time in interacting with its technical assistance consultants, preparing for in-country sessions with stakeholders and task forces by reviewing position papers, the work of all teams leading up to a wrap-up workshop held on Vlašić on June 26 and 27, 2013.

- Technical Assistance draft supply and use of the network contracts for the retail market: REAP commented on the draft General Terms and Conditions for Electricity Supply and draft Agreement for Supplier's Usage of the Distribution System.

- Technical assistance draft reports for the first DSO and Metering Task Force meeting: Technical assistance developed two draft reports on (i) the Role of the DSO as Neutral Retail Market Facilitator; and (ii) Metering processes in the Retail Market. The key focus of the first report is both the detailed overview of the different processes that need to be defined for a well-functioning retail market and an assessment of the current procedures specified in the existing legislation and regulations for Bosnia and Herzegovina on the role of a DSO as a neutral retail market facilitator. The second report developed by technical assistance focuses on metering in the retail market. The report identifies the gaps in BiH law and regulations regarding metering processes and roles. The gap analysis targeted the gaps between the existing laws and regulations in BiH and the requirements on metering in a competitive retail electricity market, with focus on customers connected to the distribution grid. In addition, the draft included missing processes and roles according to and illustrated by European best practice.

- Technical assistance paper on developing load profiling processes and assignment of roles related to those processes: a document on load profiling and balancing settlement and a gap analysis of some of the provisions in the General Conditions of Supply and Market Rules.

REAP prepared and then facilitated in-country sessions with stakeholders and task forces in order to review the position papers described above and the work of the three technical assistance consultants and obtain comments from the stakeholders in order to develop final versions of the papers and recommendations to be presented in the wrap-up workshop. The seminars organized in this round of task force effort were: (i) a seminar where technical assistance delivered presentations on its two draft reports on the Role of the DSO as Neutral Retail Market Facilitator and Metering processes in Retail Market, and (ii) a seminar where technical assistance delivered a presentation on its two draft contracts: Supply-Household/Small Commercial Customer and Supply and a Distribution System Operator Contract.

The Wrap-up Workshop took place on June 26 and 27, 2013 on Vlasic Mountain. The number of attendees was 60 representatives from the ministries, regulatory commissions, power utilities, Transco and ISO. The goal of the Workshop was for REAP and its consultants to present identified gaps in legislative and regulatory documents related to market roles and processes, the best EU and American practice in considered areas, and recommendations for stakeholders to

draft documents that will remedy the gaps and create preconditions for market functioning after January 1, 2015. The Workshop discussed the following areas: (i) Introduction - Why open the market in BiH; (ii) Commercial contracts between market participants as preconditions for market functioning; (iii) Missing roles and processes for the Distribution System Operator to act as a neutral retail market facilitator; (iv) Missing roles and processes in the metering system to be market oriented; (v) Load profiling as a tool that enables a balancing settlement party to perform Balancing Settlement for all customers connected to the distribution network, including those without incremental meters. In the concluding presentation, REAP and its consultants delivered a proposal for stakeholders on how to develop documents to implement recommendations given by consultants. This presentation proposed that the regulatory commissions lead the implementation process by establishing expert groups for each considered area. This approach will ensure harmonization of all solutions and rules and at the same time will represent a “push-forward” mechanism for those who are not proactive in implementing recommendations. In addition, the presentation delivered a time schedule for stakeholders so the sector can finish the work on time in order to create preconditions for market functioning.

Technical Assistance on resolving the difficulties in Ancillary Services and Balancing Settlement

In May 2013, REAP organized meetings with all stakeholders in BiH who are relevant for Ancillary Services and Balancing Settlement. These meetings were designed to elicit factual, detailed information from the stakeholders as to specifically how ancillary services are currently provided and how balancing settlement takes place. In all meetings, the stakeholders were forthcoming. It appeared that all parties are interested in resolving the problems in these operational areas and look forward to working with REAP and its technical assistance.

After the first round of the meetings, technical assistance submitted a preliminary draft of a current assessment and gap analysis on ancillary services and balancing settlement in the electric sector in BiH.

Based on the information garnered from the meetings, the technical assistance delivered a document in which different options are proposed for the establishment of an Ancillary Services and Balancing System in BiH. Based on the analysis they made after the first trip and discussion with stakeholders, they concluded that the following would be the essential objectives for ancillary services and balancing:

- Ensure that ISO has access to sufficient volumes of ancillary services at all times,
- Provide incentives to provide ancillary services,
- Penalize non-delivery of ancillary services,
- Incentivize reduction of imbalances.

In order to reach the above objectives, technical assistance’s recommendation is that the proposed solutions should refer to the following areas:

- Procurement of reserves,
- Real time balancing,
- Metering and imbalance settlement,

With regard to procurement of reserves technical assistance identified the following three options: (i) Regulated procurement with increased penalties by the regulators for those that do not perform; (ii) Regulated obligations in combination with a secondary market; and (iii) Tenders for ancillary services.

Regarding real time balancing, the consultants suggested two options for secondary control: (i) Use of modified compensation programs and tendering of residual volumes; and (ii) Financial settlement of balancing energy. On tertiary control, they suggested the following issues be considered: (i) Introduction of a daily balancing market for contracted reserves and additional volumes; (ii) Introduction of bids for downward regulation; (iii) Use of tertiary control for compensation of limited deviation; (iv) consideration of mandatory bidding; and (v) Transition to market-based pricing of balancing energy.

Technical assistance stressed the importance of correct metering data for balancing settlement and stated that Transco must provide data to the ISO for this purpose. In addition, in case of an absence of Transco's willingness to provide metering data, the consultant proposes a temporary/transitional solution based on allocation of hourly consumption to Balancing Responsible Parties, pro rating the monthly consumption of their customers.

After REAP comments on the report, technical assistance will develop the final version and a presentation for the next round of meetings with stakeholders.

Advise and assist FMERI with regard to a Federation Gas Law

As requested by FMERI, REAP translated and sent comments on the Draft FBiH Gas Law. Besides a number of issues in the Draft Law that need additional clarification, REAP found a contradiction on the unbundling of the Independent Transmission Operator and ownership unbundling as required by the Third Liberalization Package, in that the Federation provided for both options and the EU Directive specifically allows a the choice of only one of those options.

Initiative for the BiH Parliament to organize a Session on BiH Compliance with the Energy Community Treaty

After REAP sent an initiative to the BiH Parliament to hold a session on the implementation of the provision from the Energy Community Treaty, REAP was invited to attend the meeting of the Commission for Energy in the BiH Parliament to explain the initiative. In the introductory presentation of the initiative, REAP informed the Commission members on USAID-REAP technical assistance and the historical facts in regard to the establishment of the Energy Community and the signing of the Treaty. In addition, REAP explained that USAID-REAP had organized similar events in all three assemblies (the State and the entity) in February 2009. REAP said that the goal of this initiative is to increase parliamentarians' awareness on the status of the implementation of the Treaty provisions and give momentum to further implementation actions. The Commission accepted and supported the USAID-REAP initiative and will request MOFTER to organize a Parliamentary Session on this topic.

Assist regulators to require Load Research and EPs to implement it

FERC invited two Federation EPs and REAP to a technical meeting to discuss the results achieved by the two EPs on Load Research activities, on updating the existing database and preparation of new databases, analyses and harmonization of necessary data, and linking the existing data bases. Two important REAP recommendations were accepted: (i) FERC will develop Rules on Load Research, which the Representatives of both EPs eagerly supported; and (ii) FERC will propose that the three regulatory commissions agree and SERC to request the ISO to extend the existing ENTSO-E coding system to all meters for retail market purposes. It is also worth mentioning that both EPs in the Federation are working to establish customer databases that are market oriented.

III. PERFORMANCE PROBLEMS

- **Unbundling.** The Federation EPs still remain fully bundled, but the new Draft Electricity Law prescribes functional, operational and legal unbundling of the Public Power Utilities. The House of Representatives of the FBiH Parliament adopted the Electricity Law, and it will be ready for implementation after the FBiH House of People adopted it.
- **Investments.** Investment is still problematic in BiH. In spite of the plans to build new power plants in both Entities, very little interest has been shown by investors. High investment risk remains, due to the political situation, the situation with Transco and an unclear investment legal framework.

IV. TWENTY-FIFTH QUARTER DELIVERABLES

Deliverables

- Three Regulatory Commission meeting REAP Presentation Tuzla, dated 4-3-2013, in English and local language
- The FBiH Law on Gas, dated 4-12-13, in English and local language
- REAP comments on the FBiH Gas Law, dated 4-12-2013, in English and local language
- Letter from PS BIH Committee, dated 4-19-12, in English and local language
- Excerpts EP BiH Rule on Metering Point, dated 4-16-13, in English and local language
- REAP comments on issue for Technical Hearing, dated 4-19-13, English and local language
- FERC Invitation to LR meeting, dated 5-7-2013, in English and local language
- REAP comments on Draft amendments on the FERC Eligible Customer Rule, dated 4-8-13, in English and local language
- Agenda Jahorina, dated 22 & 23 May 2013, in English and local language
- Joint DSO and Metering Task Force Meeting, dated 5-22-13, in English and local language
- Joint DSO and Metering Task Force Meeting on_Metering, dated 5-27-13, in English and local language

- Report Outline - Metering process in Retail Market, in English and local language
- DSO - Supplier contract template clean for translation, dated 5-27-13, in English and local language
- Supply Contract Template, dated 5-29-13, in English and local language
- Outline of contract issues, dated 5-29-2013, in English and local language
- Workshop on Contracts - Konjic, dated May 2013, in English and local language
- KEMA I Paper on DSO Draft for distribution to stakeholders, dated 6-5-13, in English and local language
- KEMA I Paper on Metering Draft for distribution to stakeholders, dated 6-5-13, in English and local language
- ISO Letter to SERC re control block deviations, dated 6-10-13, in English and local language
- Brcko Comments on KEMA I Paper on DSO Draft for distribution to stakeholders, dated 6-5-13, in English and local language
- Brcko Comments on KEMA I Paper on Metering Draft for distribution to stakeholders, dated 6-5-13, in English and local language
- Agenda Case Study Workshop Vlašić, dated June 26 and 27, in English and local language
- Case Study Workshop - Introduction – Ognjen Markovic, dated 6-26-13, in English and local language
- Case Study Workshop - Contracts – John Gulliver, dated 6-26-13, in English and local language
- Case Study Workshop - DSO as a neutral market facilitator – Daniel Grote and Peter Fischer, dated 6-26-13, in English and local language
- Case Study Workshop - Metering – Hans Pipke, dated 6-26-13, in English and local language
- Case Study Vlasic - Load Profiling – Tom Welch, dated 6-27-2013, in English and local language
- Case Study Workshop - Conclusions – Ognjen Markovic, dated 6-27-13, in English and local language
- Load Profiling Report, dated 7-1-12, in English and local language

V. ANTICIPATED ACTIVITIES FOR THE FOLLOWING QUARTER

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

REAP's 2013 Work Plan consists of three main activities:

- Continue to lead the Load Research Subgroup to facilitate the power utilities' carrying out load research activities and provide inputs to the regulatory commissions for eventual tariff redesign.
- Lead the Case Study Subgroup and Task Forces in considering five key areas: (i) Metering, (ii) Billing and Collection, (iii) Contracts, (iv) DSO as the neutral retail market facilitator, (v) Balancing Settlement and Load Profiling.
- Provide technical assistance to the State Ministry for Foreign Trade and Economic Relations.

In the following quarter REAP plans to carry out the following:

- The Load Research Subgroup:
 - Analyze results from the Load Research activities performed by all four utilities from the last Load Research Subgroup meeting.
 - Discuss the methodology to allocate distribution losses using the load research results.
 - Develop recommendations for the regulatory commissions and EPs on how to proceed with the Load Research process.
 - Hold the close-out Load research Subgroup meeting.
- The Case Study Subgroup:
 - Develop the recommendations for electric sector stakeholders to implement the results from the Case Study.
 - Hold the Close-out Conference to present key findings and recommendations for the sector to create the preconditions for market opening as of January 1, 2015.
- Technical Assistance to recommend solution on how to organize Ancillary Services and Balancing Settlement in BiH
 - Hold the second round of meetings with all relevant stakeholders to discuss possible options to organize Ancillary Services and Balancing Settlement in BiH.
 - Develop a Status Report on Ancillary Services and Balancing Settlement.
 - Develop a Recommendations Report on the organization of Ancillary Services and Balancing Settlement.
 - Hold a Workshop with all relevant stakeholders to discuss the recommendations on the organization of Ancillary Services and Balancing Settlement in BiH.
 - Hold a Close-out conference to present the Recommendations.
- Technical assistance to the State Ministry for Foreign Trade and Economic Relations:
 - Continue assisting MOFTER to coordinate activities on the implementation of the Energy Community Treaty.
 - Assist MOFTER to initiate efforts with the Entity ministries and monitor the implementation of the Energy Community Ministerial Council decisions.
 - Assist MOFTER to organize a State Parliament Session to discuss the BiH compliance with the Energy Community Treaty.
- FBiH Draft Electricity Law: REAP will follow up process in the FBiH Parliament on the adoption of the Draft Electricity Law.

Restructured and commercialized energy companies

- Restructuring of public power utilities: As requested, REAP will continue its assistance to the Federation Ministry of Energy, Coal and Industry on the development of the energy policy and adoption of the new draft electricity law to ensure that a framework for restructuring of public power utilities is prepared.
- REAP will follow up the Public Utility Brcko District activity to restructure the company to meet the Energy Community Treaty requirement. Further assistance on the unbundling process will be explored.

VI STATUS OF ACTIVITIES AS DEFINED IN WORK PLAN

TASK OBJECTIVE 1: FULLY INTEGRATED ENERGY SECTOR INTO THE REGIONAL AND EU MARKETS

In the reporting quarter, REAP focused primarily on the two Market Working Group active subgroup activities: the Load Research Group and the Case Study. Additional assistance was given to MOFTER, particularly in the area of the Energy Community Secretariat's Annual Report.

KRA 1. Harmonize regulatory work of the three commissions to enhance performance of the market.

- KRA 1.1. Assist regulators to further harmonize rules that strengthen market regulation.
- REAP attended the FERC Public Hearing on the Draft Amendments to the Rule on Eligible Customer Supply held in Mostar on April 11, 2013. REAP prepared and presented comments and suggestions and also sent them to FERC in writing.
 - REAP attended the FERC Technical Hearing on the implementation of the Rules on General Conditions for Supply and prepared and sent its written comments on other relevant issues in the draft General Conditions.
- KRA 1.2. Assist regulators to refine the model and revise the rules on tariff methodology to be more cost-based.
- KRA 1.3. Assist regulators to issue or amend regulations to meet EC Treaty requirements.
- KRA 1.4. Assist regulators as necessary to adapt to changing demands.
- KRA 1.5. Provide assistance in drafting commercialized contracts for an open market.

KRA 2. Technical and regulatory preparation for market opening.

- KRA 2.1. Advise and assist regulators' implementation of recommendations in the market opening policy paper to eliminate impediments.
- KRA 2.1.1. Advise regulators on further development of policy paper. As requested, consult with Ministries on same.
- KRA 2.1.2. Advise and assist regulators to revise licensing rules to accommodate market opening.
- KRA 2.1.3. Assist regulators to require and EPs to implement load research.

REAP prepared recommendations to FERC and attended a technical meeting to discuss results achieved by two EPs on Load Research activities. Two important REAP recommendations were accepted: (i) FERC will develop Rules on Load Research and (ii) FERC will propose that three regulatory commissions agree and SERC to request the ISO to extend the existing ENTSO-E coding system on all meters for retail market purposes.

- KRA 2.1.4. Lead Case Study effort, consisting of open market base case and scenarios.
- REAP worked with its four Case Study technical assistance teams, preparing for in-country sessions with stakeholders and task forces by reviewing position papers, the work of all teams leading up to the wrap-up workshop held on Vlačić on June 26 and 27, 2013.
 - REAP prepared and then facilitated in-country sessions with stakeholders and task forces in order to review the position papers described above and the work of the three technical assistance consulting teams and obtain comments of the stakeholders in order to develop final versions of the papers and respective recommendations to be presented in the wrap-up workshop.
 - The Wrap-up Workshop took place on June 26 and 27, 2013 on Vlačić Mountain. The number of attendees was 60 representatives from the ministries, regulatory commissions, power utilities, Transco and ISO. The goal of the Workshop was for REAP and its consultants to present identified gaps in legislative and regulatory documents related to market roles and processes, the best EU and American practice in considered areas, and recommendations for stakeholders to draft documents that will remedy the gaps and create preconditions for market functioning after January 1, 2015.

- KRA 2.1.5. Assist/lead Market Working Group.

- KRA 2.1.5.1. Lead and assist sub-group on assessment of World Bank Wholesale Market Study and its implementation in BiH.
- KRA 2.1.5.2. Lead and assist sub-group on extension of transition period.
- KRA 2.1.5.3. Lead/assist sub-group on Supplier of Last Resort (SOLR).
- KRA 2.1.5.4. Lead /assist sub-group on Default Supplier (DS).

Please see KRA 2.1.5.2.

- KRA 2.1.6. Advise regulators to create policy and requirements on new metering system to meet market opening requirements.
- KRA 2.1.7. Research regional and EU best practices on ancillary services and balancing.

REAP and technical assistance held the first round of meetings with stakeholders to discuss the present status of providing of ancillary services. Based on information from these meetings technical assistance submitted a preliminary draft of a current assessment and gap analysis on ancillary services and balancing settlement and based on the information gathered from the meetings a document in which different options are proposed for the establishment of Ancillary Services and Balancing System in BiH. After REAP comments on the report, technical assistance will develop the final version and a presentation for the next round of meetings with stakeholders.

- KRA 2.2. Advise and assist ministries on tasks needed to remove impediments to market opening.
- KRA 2.2.1. Assist MOFTER to communicate BiH position on wholesale market and market operator to ECRB and the Secretariat.
- KRA 2.2.2. Develop road-map on regional and local day ahead market (DAM) if BiH accepts the concept.
- KRA 2.2.3. Advise and assist MOFTER and regulators on the establishment of the regional Coordinated Auction Office (CAO).
- KRA 2.2.4. Advise and assist FMERI with regard to new Federation Electricity Law.
- KRA 2.2.5. If Federation drafts a Federation Gas Law, REAP will assist as requested.

As requested by FMERI, REAP analyzed and translated the Draft Gas Law. In addition REAP transmitted comments on it.

- KRA 2.2.6. Advise and assist Ministries and regulators on needed legislation and amendments for market opening.

- KRA 2.2.7. Assist MOFTER and EPs in the revision of the Procurement Law to allow operational trading of electricity.
- KRA 2.3. Assist regulators to adapt to changing demands, when necessary.
- KRA 2.3.1. Assist FERC to implement regulatory policy.
- KRA 2.4. Advise industrial and commercial customers on the status of market opening.
- KRA 2.5. Organize a closing conference on the status of the electricity market in BiH.

KRA 3. Assist and advise MOFTER with regard to the State Gas Law.

- KRA 3.1. Advise and assist if requested with further developments on drafting State Gas Law.

KRA 4. Strengthen the State Government's role in the energy sector to facilitate BiH speaking with one voice in the internal and international liberalization of the energy sector.

- KRA 4.1. Perform written analysis of Third Liberalisation Package.
- KRA 4.1.1. If the Energy Community requires compliance with the Third Package, develop a road map to implement it.
- KRA 4.2. Follow all activities in BiH Electric Power Sector.
- KRA 4.3. Monitor decisions made by Energy Community and update implementation.
- KRA 4.4. Advise and assist MOFTER to undertake actions to implement new obligatory decisions made by the Energy Community Ministerial Council.

After having sent an initiative to the BiH Parliament to hold a session on the implementation of the provision from the Energy Community Treaty, REAP was invited to attend the Commission's meeting in the BiH Parliament and explain the initiative. In the introductory presentation of the initiative, REAP informed the Commission members on USAID-REAP technical assistance and the historical facts in regard to the establishment of the Energy Community and the signing of the Treaty. REAP also said that the goal of this initiative is to increase parliamentarians' awareness on the status of the implementation of the Treaty provisions and give momentum to further implementation actions. The Commission accepted and supported the USAID-REAP initiative and will request MOFTER to organize the Parliamentarian Session on this topic.

KRA 5. Initiate regulatory partnership in cooperation with NARUC that will pair the three BiH regulators with a U.S. regulatory commission.

KRA 5.1. Advise and assist NARUC, USAID and the regulators in the organization of the partnership.

[This activity was discontinued by USAID.](#)

KRA 5.2. Coordinate the partnership.

TASK OBJECTIVE 2: RESTRUCTURED AND COMMERCIALIZED ENERGY COMPANIES

KRA 1. Assist as necessary and when requested in restructuring and commercialization of energy companies.

KRA 1.1. Advise and assist FMERI to develop energy policy that prescribes unbundling deadline for the Federation EPs.

KRA 1.2. Comment on the EPs' draft restructuring documents, as requested.

KRA 1.3. Assist and advise EPs to develop and implement processes that ensure every unbundled company receives revenue that reflects its costs.

VII STATUS OF OVERALL PROJECT PROGRESS PER IMPACT INDICATORS

No	Indicator	Achieved Units of Measurement in this Quarter	Cumulative Total Fiscal Year 2013
1.	Clean Energy related measure	2	36
2.	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	20	45
3.	Number of days of technical assistance trade and investment environment provided to counterparts or stakeholders	216	344
4.	Number of days of USG funded technical assistance in technical energy fields provided to counterparts or stakeholders	29	147
5.	Number of new legislative, policy reforms and regulatory practices initiated to strengthen economic governance at all levels	8	15
6.	Number of public sector officials trained with USG assistance	100	226
7.	Support for International Standards	0	1

VIII OVERALL 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 stakeholder	•		
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. Harmonize regulatory work of the three commissions to enhance performance of the market.		•	
KRA 1.1. Assist regulators to further harmonize rules that strengthen market regulation.		•	
KRA 1.2. Assist regulators to refine the model and revise the rules on tariff methodology to be more cost-based.		•	
KRA 1.3. Assist regulators to issue or amend regulations to meet EC Treaty requirements.		•	
KRA 1.4. Assist regulators as necessary to adapt to changing demands.		•	
KRA 1.5. Provide assistance in drafting commercialized contracts for an open market.		•	
KRA 2. Technical and regulatory preparation for market opening.		•	
KRA 2.1. Advise and assist regulators' implementation of recommendations in the market opening policy paper to eliminate impediments.		•	
KRA 2.1.1. Advise regulators on further development of policy paper. As requested, consult with Ministries on same.		•	
KRA 2.1.2. Advise and assist regulators to revise licensing rules to accommodate market opening.		•	
KRA 2.1.3. Assist regulators to require and EPs to implement load research.		•	

KRA 2.1.4. Lead Case Study effort, consisting of open market base case and scenarios.

KRA 2.1.5. Assist/lead Market Working Group.

KRA 2.1.5.1. Lead and assist sub-group on assessment of World Bank Wholesale Market Study and its implementation in BiH.

KRA 2.1.5.2. Lead and assist sub-group on extension of transition period.

KRA 2.1.5.3. Lead/assist sub-group on Supplier of Last Resort (SOLR).

KRA 2.1.5.4. Lead /assist sub-group on Default Supplier (DS).

KRA 2.1.6. Advise regulators to create policy and requirements on new metering system to meet market opening requirements.

KRA 2.1.7. Research regional and EU best practices on ancillary services and balancing.

KRA 2.2. Advise and assist ministries on tasks needed to remove impediments to market opening.

KRA 2.2.1. Assist MOFTER to communicate BiH position on wholesale market and market operator to ECRB and the Secretariat.

KRA 2.2.2. Develop road-map on regional and local day ahead market (DAM) if BiH accepts the concept. [See KRA 2.1.5.1.]

KRA 2.2.3. Advise and assist MOFTER and regulators on the establishment of the regional Coordinated Auction Office (CAO).

KRA 2.2.4. Advise and assist FMERI with regard to new Federation Electricity Law.

KRA 2.2.5. If Federation drafts a Federation Gas Law, REAP will assist as requested.

KRA 2.2.6. Advise and assist Ministries and regulators on needed legislation and amendments for market opening.

KRA 2.2.7. Assist MOFTER and EPs in the revision of the Procurement Law to allow operational trading of electricity.

KRA 2.3. Assist regulators to adapt to changing demands, when necessary.

KRA 2.3.1. Assist FERC to implement regulatory policy.

KRA 2.4. Advise industrial and commercial customers on the status of market opening.

KRA 2.5. Organize a closing conference on the status of the electricity market in BiH.

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