



Regulatory and Energy Assistance

BRCKO ELECTRICITY OPTIONS SUPPLY AND REGULATION

Option	Pro	Con
SUPPLY		
Supplied by EPRS at tariff customer price	<ul style="list-style-type: none"> -Lowest supply price and tariffs at this time. -Government policy is generally to keep tariffs low. -Has been traditional supplier so more likely to agree. 	<ul style="list-style-type: none"> -Appears to be siding with the RS. -EPRS can get a higher price on the market for its surplus electricity, so may be reluctant to supply Brcko District (but see last point under “Pro”). -EPRS preparing a new tariff filing because of increased valuation of assets, so tariffs could go up.
Supplied by EPBiH at tariff customer price	None. [Comment based on price and history of Brcko District supply.]	<ul style="list-style-type: none"> -EPBiH has already begun the tender process for sale of electricity for 2010. -EPBiH can get a higher price on the market for its surplus electricity, so may be reluctant to supply Brcko District. -EPBiH does not have a recent history of supply to Brcko District. -Regulator and Government tend to increase tariffs more readily than in RS.
Supplied equally by EPRS and EPBiH at their tariff customer prices	-Does not appear to choose between Entities.	<ul style="list-style-type: none"> -Will have a higher price than RS alone (but lower than if Federation alone). -Trying to coordinate and ensure the mix of Entity supply will complicate the entire matter. -Entities may be less willing to supply, knowing that the other Entity is also

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		supplying.
Purchase from the market	<ul style="list-style-type: none"> -Prices currently more or less the same as included in tariff prices. -Would have a wider range of choice of suppliers with no political overtones. 	<ul style="list-style-type: none"> -Supply prices are projected to move higher than current prices. -Will have become eligible by default. After buying from the market, Entities may refuse to supply Brcko District at tariff prices or eligible customer policy may change to not allow reentry into tariff customer status. - Would have security of supply problems as supplier of last resort concept not fully developed in-country.
Option	Pro	Con
REGULATION		
Regulated by Federation Electricity Regulatory Commission	-Acceptable, but regulation should follow supply source.	<ul style="list-style-type: none"> -Not jurisdictionally possible to be regulated by one of the Entity Commissions if supply is not take from its regulated companies. -Amending laws to allow cross-jurisdictional regulation is not feasible.
Regulated by Republika Srpska Energy Commission	-The most competent regulator.	<ul style="list-style-type: none"> -Not jurisdictionally possible to be regulated by one of the Entity Commissions if supply is not take from its regulated companies. -Amending laws to allow cross-jurisdictional regulation is not feasible.
Regulated by State Electricity Regulatory Commission	-This is Brcko District's preference and is the alternative solution to choosing one or the other Entity regulator.	<ul style="list-style-type: none"> -SERC does not have jurisdiction over distribution and generation. -Law could be amended to provide for such regulation in such limited manner.



		<ul style="list-style-type: none"> -Risk of contradictory regulation increases exponentially, particularly if Brcko District constructs some renewable electricity generation as reported. -SERC has not received training in such regulation. -May prejudice RS against Brcko District, so it could be left with regulation but no supply.
<p>Create Brcko District Regulatory Commission.</p>	<ul style="list-style-type: none"> -Would avoid the necessity to choose between regulators. -Would only involve the distribution costs (or generation if generation ever developed in Brcko District). -Could craft tariff methodology and policies to attract investment in the Brcko District sector. 	<ul style="list-style-type: none"> -Tariff and regulatory policy is somewhat daunting. Consultant training and guidance needed. -Adding a fourth regulator into the mix is not optimal if thinking of a unified economic space. -Increases regulatory risk for purposes of investment with a fourth regulator. -Would seek to obtain a pass-through tariff supply price into the Brcko distribution costs. The costs of distribution should be the same, regardless of which regulator processes them. -If a balance of supply is sought or supply from Federation is determined to be the best solution, then this regulation decision would minimize Entity regulatory involvement, other than pass-through of tariff supply cost.