



USAID
FROM THE AMERICAN PEOPLE

Regulatory and Energy Assistance

Mr. Erdal Trhulj, Minister
FBiH Ministry of Energy, Mining and Industry
Alekse Šantića bb
88000 Mostar

RE: REAP Comments to FBiH Electricity Law

Article 3(7), Definitions, Energy efficiency/demand management. An amendment was made to the energy efficiency/demand management definition, changing the phrase “interruptible supply” from the 2009 EU Electricity to “uninterrupted supply” and adding the words “in relation to” before generation. This may have been changed due to a misunderstanding of the definition. Interruptible contracts would be “other measures” that can be taken to reduce demand (demand-side management): interruptible contracts could be used to reduce consumption “over” (in place of) investments to increase generation capacity if the interruptible contract option is the most effective and economical option. On the other hand, *un*interruptible contracts would have the opposite effect. Because the definition pertains to energy efficiency and demand-side management, including this change is contrary to the point of the definition. Recommendation: reinstate word “interruptible” rather than “uninterrupted”, and insert words “over” rather than “in relation to” increasing generation capacity.

Article 3(7), Definitions, Physical Person. It is unclear what the phrase “in the sense of self-financing” has to do with the definition of a Physical Person for purposes of the Electric Power Law. The inclusion of these words on self-financing creates an ambiguity that could be interpreted to mean that a physical person must himself finance any generation facilities. Recommendation: delete the phrase “,in the sense of self-financing.”

Article 26, Necessary Requirement for Members of the Regulatory Commission. Qualifications for the members of the Regulatory Commission were removed from Article 26, and the phrase “that are determined in the Statute of the Regulatory Commission” was inserted instead. Elsewhere, the Law provides that the Government will post the position’s public vacancy for a regulatory commission position, and the

vacancy Commission, Government and Parliament will act on the applicants and choose a candidate. Placing these qualifications in the Regulatory Commission's Statute has no impact whatsoever on the Government, Commission or Parliament, which will choose a commissioner from the candidates in the prescribed procedure. Recommendation: the qualifications should be reinserted in the Electric Power Law and not in the Commission's Statute.

Very truly yours,

Ognjen Marković
REAP Chief of Party

This publication is made possible by support from the American People sponsored by the United States Agency for International Development (USAID). The contents are the sole responsibility of the author/s and do not necessarily reflect the views of USAID or the United States Government.