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## Regulatory and Energy Assistance

### REAP Legal Analysis of Congestion Management

#### BiH Laws

5-1-09

**Act on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (*BiH Official Gazette* 7/02 and 13/03).**

### Article 2 Definitions

In this Act the following definitions shall apply:

- 1) “ancillary services” shall mean all services necessary for the operation of a transmission system.
- 2) “customers” shall mean distribution companies and end-use customers directly connected to the transmission grid.
- 3) “distribution” shall mean the transport of electricity on medium-voltage and low-voltage distribution systems with a view to its delivery to end-use customers.
- 4) “generation” shall mean the production of electricity.
- 5) “interconnectors” shall mean equipment used to link electricity systems.
- 6) “ISO” shall mean the Independent System Operator as described in Articles 3.3 and 5.
- 7) “licensee” shall mean a holder of a license as referred to in Article 7.
- 8) “producer” shall mean a natural or legal person generating electricity.
- 9) “SERC” shall mean the “State Electricity Regulatory Commission” as described in Articles 3.2 and 4.
- 10) “supply” shall mean the delivery and/or sale of electricity to customers.
- 11) “system user” shall mean any natural or legal person supplying, or being supplied by, a transmission or distribution system.

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- 12) “trader” shall mean any natural or legal person trading electricity.
- 13) “transit” shall mean transportation of electricity with a view to fulfilling agreements concerning trade in electricity, where none of the parties to the agreement purchase or produce the electricity in question in Bosnia and Herzegovina.
- 14) “transmission” shall mean the transport of electricity on the high-voltage interconnected system with a view to its delivery to end-use customers or to distributors.

## **Article 5**

### **Independent System Operator**

#### **5.1 Establishment of an Independent System Operator**

Not later than 31 March 2002, a single ISO will be established with the status of a legal person under the laws of Bosnia and Herzegovina. The ISO shall manage the operation and dispatch of the transmission grid in Bosnia and Herzegovina and shall direct, schedule and coordinate maintenance, construction and expansion of the grid with the company for transmission of electric energy.

The headquarters of the ISO shall be Sarajevo, Bosnia and Herzegovina.

The ISO will be based upon and will develop from the Joint Power Coordination Center (ZEKC), which presently coordinates dispatch. ZEKC will be developed to carry out the functions of an ISO, modeled after European and North American independent system operators. Within sixty (60) days of effectiveness of this Act, ZEKC shall propose to SERC a plan for transforming to the ISO by 31 March 2002. This plan will include a structure to guarantee the independence of the ISO. SERC shall approve and monitor the plan for transforming ZEKC to the ISO, in accordance with Article 4.2.

The ISO shall be a non-profit entity and shall be independent from any individual market participant and from activities of electricity generation, distribution and supply. **The ISO also shall not perform any electricity trade activity.** In furtherance of the ISO’s independence and authority, the owners of the company for transmission of electric energy shall transfer to the ISO all relevant system operating authority. The ISO shall have full authority to coordinate the operation of the transmission system and shall be transferred the full authority to exercise its responsibilities.

The ISO shall act in accordance with the principles of objectivity, transparency and non-discrimination.

Upon the establishment of a single company for transmission of electric energy, as set forth in Article 6.1, the owners of the company for transmission of electric energy will be

represented on the ISO's Board of Directors, the terms and conditions of which shall be established by rules and regulations adopted by SERC.

The ISO shall preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its business.

## 5.2 Functions of the ISO

The functions shall be to:

- (a) **Maintain System Reliability.** The ISO in Bosnia and Herzegovina will act as a system coordinator and will provide security assessments and coordinate emergency and non-emergency operations so as to maintain system reliability;
- (b) **Manage Electricity Flows.** The ISO shall manage system electricity flows, maintain a balancing market and otherwise ensure the reliable and non-interrupted flow of electricity within the system;
- (c) **Provide Ancillary Services.** The ISO shall furnish ancillary network services to assure that electricity is delivered and transmitted at a stable frequency and voltage. These ancillary services include frequency control, operating reserves, voltage control and black-start services;
- (d) **Manage Transmission Constraints.** The ISO shall have the responsibility to identify, manage and relieve congestion on the transmission grid, and to coordinate dispatch of generators to relieve and manage congestion;
- (e) **Provide Transmission System Information.** The ISO shall provide timely and public information on transmission capacity, ancillary services and prices to all transmission customers and the public in order to establish an open and transparent transmission regime;
- (f) **Coordinate Neighboring Control Areas.** The ISO shall develop mechanisms to coordinate with neighboring control areas and to facilitate the transit and import and export of electricity;
- (g) **Coordinate Load Management.** The ISO shall coordinate load management practices and shall have authority to shed load, manage load and otherwise maintain system balance.

The ISO shall ensure that technical rules are developed and published, establishing the minimum technical design and operational requirements for the connection to the system of directly connected generating installations, distribution systems, directly connected consumers' equipment, interconnector circuits and direct lines. Such requirements ensure the inter-operability of systems and shall be objective, non-discriminatory and equitable. After the approval of SERC, technical rules shall be published within 90 days of the creation of the ISO.

Until an ISO has been established, ZEKC, which presently is jointly owned and operated by the existing transmission activities of the power companies and subject to the provisions of Article 6, will coordinate the work of existing entity system operators.

In the interim period between the establishment of an ISO and the company for transmission of electric energy, the ISO shall have authority, in accordance with the terms set forth in this Article, over the transmission activities of the power companies.

## **Law Establishing An Independent System Operator for the Transmission System of Bosnia and Herzegovina**

### **Article 2 Purpose and Exclusive Authority**

The activities of the ISO shall include the direction of the operation of the transmission system to ensure reliability, operation of central control center facilities, operation of the balancing market, provision of system services, the procurement of ancillary services, development and enforcement of reliability standards, development and administration of rules governing use of the transmission system, development and administration of market rules governing the provision of electricity and system services over the transmission system, and other activities specified in Article 7 (Powers of the ISO) of this Law. Upon the establishment of the ISO, no other electric or other company or body shall have jurisdiction or authority in these above-described activities.

The ISO is prohibited from engaging in any activity that involves the following activities in any way: generation, supply, trading, or distribution of electric power, or in any other activities not authorized by this Law.

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### **Article 7 Powers of the ISO**

The ISO shall undertake the following functions, in addition to the functions specified in Article 5.2 of the *Act on Transmission*:

- (a) Direct the operation of all high voltage transmission facilities in Bosnia and Herzegovina that are rated at 110 kV or above, except that the ISO may delegate authority to appropriate entities engaged in activities related to transmission to direct the operation of specified high voltage transmission facilities that are not required to allow electric energy from significant power sources to move freely on the interconnected transmission system;

- (b) Issue dispatch instructions to generators and importers;
- (c) Operate central control center facilities and any remote control facilities;
- (d) Administer the balancing market;
- (e) Procure ancillary services and provide system services;
- (f) Prepare, modify and administer reliability standards, the market rules and grid code;
- (g) Ensure non-discriminatory behavior between system users or classes of system users;
- (h) Develop and distribute billing invoices as provided in the *Statut* for the ISO's cost-based system operation tariff and for transactions in the balancing market;
- (i) Coordinate and approve the scheduling of planned outages of transmission and generation facilities, and coordinate and approve changes to outage schedules;
- (j) Review, endorse, direct revisions to and publish the long-term transmission development plan submitted by the Transmission Company;
- (k) Develop an indicative generation development plan with data supplied by the generators, distribution companies and end-use customers directly connected to the transmission system.
- (l) Establish appropriate policies and rules governing the treatment of confidential information, subject to review by SERC;
- (m) Prepare annual and quarterly reports on the operation of the transmission system and the balancing market.

**Law Establishing the Company for the Transmission of Electric Power in Bosnia and Herzegovina (*BiH Official Gazette 35/04*).**

**Article 2  
Purpose and Exclusive Authority**

The Company shall perform activities related to the operation of the electric power transmission system in accordance with the provisions of this Law. Its activities shall include the transmission of electric power and transmission related activities as specified in Article 7 (Transmission Company Regulation and Interface) of this Law. Upon the establishment of the Company, no other electric or other company shall have authority to engage in such transmission of electric power or transmission related activities.

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## **Article 7**

### **Transmission Company Regulation and Interface**

The Company shall be subject to the regulation of SERC. SERC is entitled to inspect the books and records of the Company.

Except as otherwise noted in this paragraph, SERC, in accordance with its jurisdiction as defined in the Act on Transmission, shall have authority to resolve any disputes arising out of or concerning the implementation of this Law upon petition by any of the following: the State; an Entity; the ISO; the Company Management Board, an independent power producer, a power trader; a supplier, or any other person who is directly connected to or relies upon the transmission system. The SERC decision is subject to judicial review pursuant to Article 14 of the *Law on the Court of Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina No. 29/00.)* The Public Parent State Enterprise Elektroprivreda of Republika Srpska, the Public Enterprise Elektroprivreda Bosne i Hercegovine, and the Elektroprivreda Hrvatske zajednice Herceg-Bosne Mostar, as well as their generation or distribution successors, may also petition SERC under this provision. SERC shall not have authority to resolve any dispute concerning the exercise of authorities granted in Article 5 (Forming of the Company) and Article 51 (Extraordinary Formation Powers of Independent Member) of this Law by the Independent Member.

The Company shall conduct its transmission and transmission related activities in full compliance with ISO technical standards, operational planning, dispatch instructions, maintenance schedules and system, expansion plans, as well as SERC regulation, as applicable. These activities shall not include those activities reserved exclusively to the ISO.