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# **PROPOSAL ON TERMINATION OF TRANSITION PERIOD**

**MWG Subgroup  
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## Customers connected to 110 kV network\* Options re. extension

- **Options**
  - **Option 1: Force customers to buy at market price as of 1.1.2012.**
  - **Option 2: Gradual removal of regulated tariffs and introduction of DS service**
  - **Option 3: Gradual removal of regulated tariffs**
  - **Option 4: Extend the transition period and keep regulated tariffs**

\* Could be different classification that consider a customer's yearly consumption.



## Customers connected to 110 kV

### Option I: Force customers to buy at market price as of 1.1.2012.

- **Action needed:**
  - **Unbundle F BiH EPs and in RS unbundle Supply and DSO and allow Supplier to supply eligible customers.**
  - **ISO BiH and EPs to define a Proposed Agreement on Ancillary Services.**
  - **Details of SOLR process must be defined and contracts developed and approved.**
  - **ISO BiH and EPs: Agreement on Ancillary Services.**
  - **Installation of all transmission network delivery points to enable transition to phase I.b.**
- **Other issues to consider:**
  - **Processes regarding ancillary services, balancing, TPA, and SOLR should be described and covered by appropriate contracts.**
  - **Time to unbundle DSO and Supply in the RS and the fully vertically integrated company should be taken into account.**



**Customers connected to 110 kV**

## **Option 2: Gradual removal of regulated tariffs and introducing DS service**

- **Eligible customer would have right to use DS service.**
  - **DS price is regulated but the level of the price differs from the current tariff.**
  - **The DS price will change over the transition period, moving closer to the market price.**
  - **After the end of the transition period, this DS service could be purchased by the supplier through a tendering procedure.**



## 110 kV Option 2 cont'd

- **Action needed:**
  - **Set up DS service**
  - **Unbundle Supply and DSO in RS**
  - **Unbundle EPs in FBiH (Though the unbundling is not a precondition to get supply license in FBiH, the Treaty requires the unbundling of EPs in FBiH); Harmonization of rules between RS and FBiH is preferred**
- **Other issues to consider: Same as for Option 1.**



## Customers connected to 110 kV

### Option 3: Gradual removal of regulated tariffs

- **Purchase part of load on market and part regulated.**
  - **Gradually increase market portion of load.**
  - **This option is similar to the Regional Wholesale Market Study where the establishment of the DAM is prescribed.**
- **Action needed:**
  - **Unbundle Supply and DSO in RS**
  - **Unbundle EPs in FBiH; Harmonization of rules between RS and FBiH is preferred**
  - **Define timeline to shift from regulated to market**
- **Other issues to consider: Same as for Option 1.**



## **Customers connected to 110 kV**

### **Option 4: Keep regulated tariffs; extend the transition period**

- **Eligible customers buy at tariff prices**
  - Maintaining the current situation
  - Extend the transitional period during which eligible customers may be fully supplied as tariff customers
- **Action needed:**
  - Develop and implement Action Plan to remove impediments for successful functioning of the market after the transition period is over.



## Customers connected to 35 and 10 kV network Options re. extension

- **Options**

- **Option 1: Force customers to buy at market price as of 1.1.2012.**
- **Option 2: Gradual removal of regulated tariffs and introducing DS service**
- **Option 3: Gradual removal of regulated tariffs**
- **Option 4: Extend the transition period and keep regulated tariffs**



## Customers connected to 35 and 10 kV

### Option I: Force customers to buy at market price as of 1.1.2012.

- **Action needed:**
  - **Install adequate metering system.**
  - **Establish cost reflective tariffs and eliminate subsidization in FBiH.**
  - **Unbundle Supply and DSO in RS to allow Supplier to supply eligible customers.**
  - **Though unbundling is not a precondition to get a supply license in FBiH, the Treaty requires unbundling of the EPs in FBiH; Rules in RS and FBiH should be harmonized.**
  - **ISO BiH and EPs to define a Proposed Agreement on Ancillary Services.**
  - **Details of SOLR process must be defined and contracts developed and approved.**



## 35 and 10 kV Option I cont'd

- **Other issues to consider:**
  - **Processes regarding ancillary services, balancing, TPA, and SOLR should be described and covered by appropriate contracts.**
  - **Time to install adequate metering system, establish cost reflective tariffs , unbundle DSO and Supply in the RS and the fully vertically integrated company in FBiH, should be taken into account.**



## **Customers connected to 35 kV and 10 kV network Option 2: Gradual removal of regulated tariffs and introduction of DS service**

- **Eligible customer would have right to use DS service.**
  - **The DS price will change over the transition period, moving closer to the market price.**
  - **After the end of the transition period, this DS service could be purchased by the supplier through a tendering procedure.**
- **Action needed:**
  - **Install adequate metering system.**
  - **Establish cost reflective tariffs and eliminate subsidization in FBiH.**
  - **DS price is regulated but the level of the price differs from the current tariff.**
  - **Set up DS service. (cont'd next slide)**



## 35 and 10 kV Option 2 cont'd

- **Unbundle Supply and DSO in RS.**
- **Unbundle EPs in F BiH (Though the unbundling is not a precondition to get supply license in F BiH, the Treaty requires the unbundling of EPs in F BiH); Harmonization of rules between RS and F BiH is preferred.**
- **Determine timeline for establishment DS service.**
- **Determine timeline to move DS price closer to the market price.**
- **Other issues to consider: Same as for Option I.**



## Customers connected to 35 kV and 10 kV network

### Option 3: Gradual removal of regulated tariffs

- **Eligible customer would be partially regulated and buy the remaining quantities at the market**
  - **Gradually increase market portion of load.**
  - **This option is similar to the Regional Wholesale Market Study where the establishment of the DAM is prescribed.**
- **Action needed:**
  - **Install adequate metering system**
  - **Establish cost reflective tariffs and eliminate subsidization in FBiH**
  - **Unbundle Supply and DSO in RS**



## 35 and 10 kV Option 3 cont'd

- **Unbundle EPs in FBiH; Harmonization of rules between RS and FBiH is preferred**
- **Define timeline to determine quantities**
- **Define timeline to fully remove tariffs**
- **Other issues to consider: Same as for Option I**



## **Customers connected to 35 kV and 10 kV network Option 4: Keep regulated tariffs; extend the transition period**

- **Eligible customers buy at tariff prices**
  - Maintaining the current situation
  - Extend the transitional period during which eligible customers may be fully supplied as tariff customers
- **Action needed:**
  - Develop and implement Action Plan to remove impediments for successful functioning of the market after the transition period is over.



## Customers connected to 0,4 kV network

- **Commercial customers with meters that measure peak load:**
  - **RS: Same options as for 35 kV and 10 kV customers: Preferred option is to keep regulated tariffs and extend the transition period**
  - **FBiH: Extend the transition period until 1.1.2015**
- **Action needed:**
  - **Develop and implement Action Plan to remove impediments for successful functioning of the market after the transition period is over.**
- **Commercial customers with meters which cannot measure peak load:**
  - **Extend the transition period until 1.1.2014/2015**
- **Action needed:**
  - **Develop and implement Action Plan to remove impediments for successful functioning of the market after the transition period is over.**