



## **BiH REAP Report on Energy Sector Presentation held in Parliamentary Assembly of BiH on February 19, 2009**

The Energy Sector Presentation for the Parliamentary Assembly of BiH (PA BiH) was held on February 19, 2009, in the premises of BiH PA in Sarajevo. The Presentation was organized by the Common Committee for Economic Reform and Development of both Houses of the PA BiH and USAID REAP. USAID REAP worked closely with the Committee on scheduling of the Presentation, developing the agenda, preparing and sending the invitation to both presenters and parliament representatives and provided technical assistance with regard to Power Point presentations.

The response of all invited presenters was very positive and they all confirmed their attendance with their high-ranking staff presenting. The following energy sector stakeholders gave presentations:

- Ministry of Foreign Affairs and Economic Relations (MOFTER), Mr. Reuf Hadžibegić, Assistant Minister
- Federation Electricity Regulatory Commission (FERC), Ms. Đulizara Hadžimustafić, Commission Chairperson
- Republika Srpska Energy Regulatory Commission (RSERC), Mr. Milan Baroš, Commission Member
- State Electricity Regulatory Commission (SERC), Mr. Nikola Pejić, Commission Chairman
- Elektroprijenos BiH, Mr. Dušan Mijatović, General Manager
- Independent System Operator, Mr. Omer Hadžić, General Manager
- Elektroprivreda BiH, Mr. Amer Jerlagić, General Manager
- Elektroprivreda RS, Mr. Blagoje Šupić, Financial Manager
- Elektroprivreda HZ HB, Mr. Vlado Marić, General Manager Adviser
- USAID REAP, Mr. Ognjen Marković, Deputy Chief of Party

The moderator of the Presentation was Mr. Branko Dokić, Parliament Member, who apologized to the presenters for the poor attendance (sixteen parliament members) and explained that the reasons are bad weather conditions (those members that live outside Sarajevo went home) and the fact that three Parliament committees had their sessions at the same time as the Presentation.

The Parliament members participated actively in the Presentations and asked the presenters numerous questions. At times, the discussion was very intense, mostly concerning the Elektroprijenos issue. It is obvious that the stakeholders have different opinions and positions on this issue.

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The RS representatives (Mr. Mijatović, Mr. Dokić, Mr. Šupić) are of the opinion that Elektroprijenos should be divided since it cannot function the way it is organized currently. The FBiH representatives (Ibrahim Čolakhodžić, Chairman of Elektroprijenos Management Board, Mr. Mirsad Salkić, SERC member, parliament members) think that Elektroprijenos can function if it were not for the politics and if the position of the Independent Member is introduced again. Upon the question whether the SERC undertook any steps in order to investigate whether Elektroprijenos fulfills its license conditions, SERC representative gave an unclear and unconvincing answer. Perhaps this question will be brought up on one of the following PA BiH sessions.

In its presentation, the MOFTER pointed out the lack of jurisdiction and inability to impose any decision on energy sector stakeholders. Mr. Dokić asked the MOFTER representative why the MOFTER did not initiate the procedure for amending of the laws pertaining to Elektroprijenos, the ISO and the SERC even though it was specifically instructed by the Council of Ministers to do so. In his answer to this question, Mr. Hadžibegić again emphasized the inability of the State Ministry to impose any decision without previous consent from the two entities. This question might also be one of the topics to be discussed on the PA BiH sessions.

The ISO listed the problems that it encounters in its functioning and stressed that all of them are of external nature and that even though the ISO has the similar structure as Elektroprijenos it managed to overcome the challenges arising from such an organization. Some of the ISO's main problems are: (i) inadequate cooperation with Elektroprijenos on remote metering, SCADA project, long-term development plan; (ii) the problem of SERC not issuing the Rule on Allocation of Cross-order capacities, (iii) real-time data from EPs. Upon request from Mr. Dokić, Mr. Hadžić gave a more detailed explanation of the above mentioned systems after which Mr. Dokić asked why the allocation of cross border capacities/auctions would be within jurisdiction of the ISO and not some other body (obviously referring to Elektroprijenos). The ISO's response was that it is a function that is performed by system operators in other European countries and that the ISO is technically enabled for performing the auctions.

In their presentation, the ISO and EP BiH mentioned the USAID REAP's Internal Action Plan as one of the key documents which can serve as a good basis for the further sector reform and which should be implemented in order to fulfill the requirements from the Road Map. EP BiH expressed their readiness to fulfill all the obligations that were assigned to them in the Internal Action Plan and suggested that "the engagement of USAID-REAP should be regulated in such a manner as to officially promote USAID-REAP into Consultant that will assist in implementation of the energy sector reform.". Upon this statement Mr. Dokić agreed that some sort of coordination is necessary and that any help is welcome but that local bodies must make final decisions and learn how to function on their own. Mr. Sead Spahić from EP BiH asked Mr. Marković whether it is possible to promote USAID REAP into an official consultant of the energy sector stakeholders. Mr. Marković responded that USAID REAP is to assist BiH energy sector



in order for it to integrate into the regional and EU market. Therefore, REAP's assistance is available to all the stakeholders that want/need the assistance, as provided in the Project's Terms of References, and the only thing that the stakeholders have to do is ask for it. As a conclusion to the Energy Sector Presentation Mr. Marković quoted a question that was asked on the workshop entitled "Parliamentary Support to Harmonized Reforms in Energy Sector of South-east Europe" where parliamentarians asked what they can do to help the energy sector. The answer was: to provide incentive to their governments to: (i) Issue and adopt laws and regulations (Road Map/IAP), (ii) Support and promote regional cooperation and (iii) Work on security of electricity and gas supply.

Benefits from the Sector presentation are the following:

1. Most likely the State Parliament will initiate a discussion on the Elektroprijenos problem and situation in the power sector;
2. USAID assistance project was presented to those who were not aware of it.
3. The attendees were informed that the sector reform has been stalled and that the intervention of parliamentarians is needed in order to resume the process.