



Electricity Market Opening Transitional Period

A. Introduction

The SERC Decision on the Scope, Conditions and Schedule of Electricity Market Opening in BiH and the Entity Rules for Obtaining Eligible Customer Status provides that the market in BiH should be opened gradually. The Entity Commission Rules provide for a transitional period for the electricity market opening for all customers other than households until 1.1.2012.

At the joint request of the three regulatory commissions, a Market Working Group subgroup was formed by representatives of the three regulatory commissions and REAP to analyze the prescribed transition period and develop possible solutions in the context of the current circumstances for functioning of the BiH market.¹

The subgroup considered two options with regard to the duration of the transition period:

1. Gradual removal of regulated tariffs; and
2. Gradual removal of regulated tariffs and introduction of Default Supplier service.²

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¹ In accordance with the position from the joint meeting of the regulatory commissions, in this paper the subgroup has dropped two of the initial options for full removal of regulated tariffs and extending the existing transitional period until further notice.

² Determine the local term for default supplier. The subgroup suggests “dodjeljeni snabdevac” (assigned supplier) ili osnovni snabdevac” (basic supplier).

After conducting research as to practices in neighboring countries³ and discussion of the first option – the gradual removal of regulated tariffs – the Transition subgroup thinks that the option of only gradually removing the regulated tariffs without a default supplier is not an attractive option. Instead, the subgroup agreed that the application of the concept of a default supplier concept is the better way to segue into a competitive market, removing the shock of a sudden shift to full market pricing.

Two options for a scheme involving a default supplier have been created: Option A, moving directly to either supply at market prices or sold by a Default Supplier, and Option B, a gradual move to the market or default supplier, with the gradual removal of regulated tariffs.

³ See Attachment A.

B. Discussion

The discussion of these two options has been organized to address the following areas:

- Description of Options;
- Price Methodology for default supply;
- Classification of customers;
- Time schedule and customer quantities for gradual market opening;
- Preconditions, impediments and proposed actions to create preconditions for market opening; and
- Recommended regulatory activities for issuing new decisions on the transition period and its implementation.

1. Description of Options

The subgroup considered two options that involve a Default Supplier and presents them below. Please note that the remaining sections elaborate on these descriptions to make them more understandable, especially price methodology, customer classification and time schedule for market opening.

Option A:

Eligible Customers are required to buy their demand volume at market price. If a customer does not find a suitable market supplier, a default supplier will supply the customer at default prices, which will differ from the current regulated tariffs for those customers, primarily due to the increase of generation price.⁴ Option A will apply as of:

1. January 1, 2012 (2013)⁵, for large customers⁶ whose yearly consumption is above 10 GWh. The default supplier price will increase over the transition period that ends on December 31, 2014. If a large customer desires or can obtain only part of its load

⁴ The regulator will calculate the default supplier price using a fully cost reflective approach which includes realistic rate of return that could be between 6-12 %, substantially higher than the currently applied rate of return of between 0 and 2 %. This effectively deregulates the generation quantity equal to large and medium customer load, who choose to go to the market. That part of the generation attributed to default service remains regulated.

⁵ A second year is added in parentheses as a fallback in case preconditions necessary for taking the described step are not be completed.

⁶ See Attachment B for information on customers

from the market, it would have the right to purchase the remainder of its supply from the default supplier. After the end of the extended transition period large customers will buy their demand in the market only.

2. January 1, 2013 (2014), for medium customers whose yearly consumption is below 10 GWh, with installed capacity above 42 kW in RS and 23 kW in FBiH. This option will also be applied for customers in Brčko District, with annual consumption below 10 GWh and installed capacity higher than 23 KW. The default supplier price will be gradually increased over the transition period that ends on December 31, 2014. After the end of the extended transition period, medium customers will buy their demand at the market only.
3. January 1, 2014 (2015), for small commercial customers. By January 1, 2014 (2015), cross subsidies need to be removed.
4. January 1, 2015, for households. By January 1, 2014 (2015), cross subsidies need to be removed.

Option B:

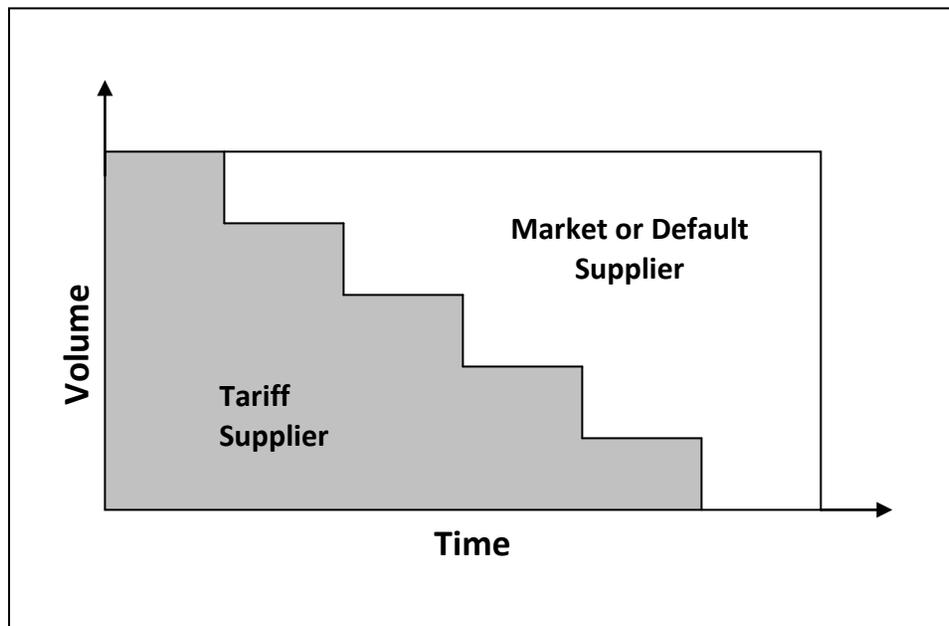
Combination of default supplier service and gradual removal of regulated tariffs:

- Eligible customers are allowed to buy a gradually decreasing part of their demand volume at a regulated price (regulated volume).
- The customer will have two options for the purchase of the remaining volume:
 - buy it at market price.
 - buy it at the default supplier price, a fully cost-based price with a rate of return that will escalate over time toward the market price.
- The regulated volume will be gradually decreased during the extended transition period, and the volume sold at market or default supplier prices will increase during the extended transition period.

This option will apply as of:

1. January 1, 2012 (2013), for large customers whose yearly consumption is above 10 GWh. The default supplier price will be gradually increased over the transition period that ends on December 31, 2014. After the end of the extended transition period, large customers will buy their demand at the market only.
2. January 1, 2013 (2014) for medium customers whose yearly consumption is below 10 GWh, with installed capacity above 42 kW in RS and 23 KW in FBiH and Brčko District. The default supplier price will be gradually increased over the transition period that ends on December 31, 2014. After the end of the extended transition period medium customers will buy their demand at the market only.

Small commercials and households will be supplied as described in Option A, but with the ability remain customers of the default supplier.





There are pros and cons for both options. Under both options, there would be a gradual introduction of market conditions: Option A is more direct and less complex with a full removal of regulated prices per se and requiring purchase of load at the market; however, if the customer does not find a suitable market supplier (or chooses not to choose), then the customer can buy from the default supplier. Option B provides a softer landing for the customers. It retains current regulated tariffs with limited application, because they are phased out until the end of the transition period. On the other hand, with these steps, the current prices for supply increase.

Another consideration is the questionable interest of the current eligible customer suppliers in dealing with retail customers. Additionally, there are issues surrounding working out the process of utility calculation of the charges for these customers, as eligible, tariff or proportionally, along with ongoing default supplier prices as a regulated service. Finally, the current balancing mechanism is not being fully implemented and needs to be improved.

2. Methodology for determining of default supply prices

The basic principal that the default supplier price will be increased by the end of the transition period to fully reflect costs, taking into account market prices, applies to both Options. The following examples illustrate two possible principles that the methodology for determining of default supply prices could be based on:

1. Methodology based on a combination of the current regulated generation price and market price.
2. Methodology based on actual revenue of the generators without a reduction by revenues received from non-tariff customers and other unregulated activities.

3. Classification of customers

1. Large customers are all customers connected to the transmission network and customers connected on the distribution network with demand above 10 GWh.
2. Medium customers are industrial and commercial customers connected to the distribution network whose yearly consumption is below 10 GWh, with installed capacity above 42 kW in RS and 23 KW in FBiH and the Brcko District.
3. Small commercial customers. These commercial customers have installed capacity below 42 kW in RS and 23 kW in FBiH and the Brcko District.⁷
4. Households.

4. Time schedule and customer quantities for gradual market opening

⁷ The definition of small commercial customers should be reconsidered in line with the provisions of the Directive.

The following explanation is an elaboration of the timeframe for opening the market under the two options:

Option A:

Large Customers:

1. In the period January 1, 2012 (2013) – December 31, 2014, large customers will buy 100 % of the needed demand of electricity volume either at market price or at the default supplier price. In this period, if large customers desire or can obtain only a part of their demand from the market, they would have the right to purchase the remainder of its supply from the default supplier.
2. After January 1, 2015, large customers will buy their entire demand volume at market price.

Medium Customers:

1. In the period January 1, 2013 (2014) – December 31, 2014, medium customers will buy 100 % of the needed demand of electricity volume either at market price or at default supplier price.
2. After January 1, 2015, the medium customer will buy 100% of demand volume at market price.

Small Customers

1. In the period January 1, 2014 – December 31, 2014, small customers will buy 100 % of the needed demand of electricity volume either at market price or at default supplier price.
2. After January 1, 2015, small customer will buy 100% of demand volume at market price. Alternatively, the default supplier program can stay in place to serve small customers.

Households:

1. After January 1, 2015, these customers will buy 100% of demand volume at market price. Similarly, the default supplier program can stay in place to serve households.

Option B:

Large Customers

1. In the period January 1, 2012 (2013) – December 31, 2013 (2014), large customers will buy 50 % of demand volume either at market price or at default supplier price.

2. In the period January 1, 2014 – December 31, 2014, large customers will buy 75 % of demand volume either at market price or at default supplier price
3. After January 1, 2015, large customers will buy 100% of needed demand of electricity volume at market price.

Medium Customers:

1. In the period January 1, 2013 (2014) – December 31, 2014, medium-sized customers will buy 50 % of demand volume either at market price or at default supplier price.
2. Beyond January 1, 2015, the Medium customer will buy entire demand volume at market price.

Small customers:

1. In the period January 1, 2014 – December 31, 2014, small customers will buy 50 % of demand volume either at market price or at default supplier price.
2. Beyond January 1, 2015, the small customers will buy entire demand volume at market price. Alternatively, the default supplier program can stay in place to serve small customers.

Households:

1. After January 1, 2015, these customers will buy 100% of demand volume at market price. Similarly, the default supplier program can stay in place to serve households.

5. Preconditions and impediments for successful functioning of the market

Each group of customers has its own set of preconditions and impediments for successful functioning of the market, which are discussed below.

5.1. Large Customers:

Preconditions	met?	action needed
Metering	yes	no

Unbundling	Supply and TSO	yes	no
	Supply and DSO	yes in RS no in FBiH	no (If the current suppliers of tariff customers want to supply eligible customers, yes. Need to further develop the concept of supply of qualified customers.) yes in FBiH (vertically integrated companies)
Network tariff cost-based		yes – ERS and EPHZHB network tariffs are cost reflective no – EP BiH distribution network tariffs are not cost reflective (cross subsidies) no – network tariffs do not exist in Brcko District	yes – FBiH needs to establish cost reflective tariffs before end of transition period Issue network tariffs in Brcko District utility
Power Purchase Agreement		yes	yes, check if some improvements on standard contract conditions should be made
Ancillary Services Contract		yes, partially	yes SERC and ISO must transparently clarify the issue.
Balancing Contract		yes	SERC and ISO must transparently clarify the issue.
Contract on access to		No for transmission	Yes, for transmission

network	network, Yes, for distribution network	network No, for distribution network
Connection contract	No for transmission network Yes for distribution network	Yes, for transmission network No, for distribution network
SOLR	partial	yes

Recommended Actions:

1. Regulators develop a time schedule/action plan to implement the chosen option.
2. Regulators determine time schedule of gradual increase of quantities that customers will buy at market price.
3. Regulators develop detailed document on the default supplier service processes, including but not limited to: the methodology to determine the default supplier price and the customer's ability to switch from a market to default supplier supply and back.
4. Further develop concept of SOLR and describe processes in detail.
5. Further develop concept of deregulated generation.
6. Unbundle each EP's activities in FBiH, including unbundling DSO and Supply.
7. Unbundle electricity activities in Brcko utility.
8. Need to further develop the concept of supply of qualified customers in RS since the licensees for supply of tariff customers are distribution companies and the suppliers of eligible customers is the Mother company.
9. Describe and improve processes for ancillary services, and develop/improve contracts for transmission network: Ancillary Services, Balancing, TPA, and connection to network.
10. Conduct an analysis, and improve if necessary, the rules that relate to third party access and connection contracts for distribution network.
11. Conduct an analysis, and improve if necessary, the rules that relate to third party access and connection contracts for transmission network.
12. ISO BiH and EPs define and, according to the Market Rules, propose for regulatory approval an Agreement on Ancillary Services that defines the quantities of secondary and tertiary reserves for the generators that will be engaged by the ISO according to the defined criteria.
13. EPs in BiH that do not have installed meters at all transmission network delivery points install appropriate metering in accordance with the Grid Code, which enables transition to phase I.b. of the Market Rules.

14. ISO to develop and SERC to approve revised Market Rules and Network Code consistent with the plan for market opening.
15. Perform the Case study.

5.2. Medium Customers:

Preconditions	met?	action needed
Metering	no	yes-Regulators to require EPs to install adequate metering system before the end of the “new” transition period
Unbundling	yes in ERS; no F BiH. Two fully vertically integrated company exist	no (If the current suppliers of tariff customers want to supply eligible customers, yes. Need to further develop the concept of supply of qualified customers.) yes in F BiH (vertically integrated companies)
Cost-based tariff	yes – ERS and EPHZHB network tariffs are cost reflective no – EP BiH distribution network tariffs are not cost reflective (cross subsidies) no – network tariffs do not exist in Brcko District no – in F BiH there is still	yes – F BiH needs to establish cost reflective tariffs before end of “new” transition period. Issue network tariffs in Brcko District utility

	cross-subsidization. These customers cross subsidize households	
Power Purchase Agreement	yes	yes, check if some improvements on standard contract conditions should be made
Ancillary Services Contract	Not relevant for these customers	no, cost of ancillary services included in distribution network tariff
Balancing Contract	Not relevant for these customers	no, (Case Study)
Contract on access to network	yes	no
Connection contract	yes	no

SOLR	Partially	Yes, develop detailed processes and documentation
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Recommended Actions in addition to recommended activities for Large Customers:

1. Install adequate metering systems.
2. Perform load research.
3. Create fully cost-based tariffs, including removal of cross-subsidies in FBiH.
4. Conduct Case Study.

5.3. Small Customers and Households

Recommended actions to terminate the “new” transition period: In addition to the recommended actions for Large and Medium customers, the following actions are recommended for small customers and household customers:

1. Create fully cost-based tariffs, including removal of cross-subsidization.
2. Perform load research for these customers.
3. Review definition of small customers vis a vis Directive.

6. Recommended regulatory activities for issuing new decisions on the “new” transition period and its implementation

The subgroup recommends the following activities and their time schedule:

Recommended activity	When?	Who?
Joint regulatory meeting (presentation of the document, discussion on options)	12-13 May, Banja Luka	Commissioners
Communicate with ministries and EPs	April-May	Commissioners

Choose option and time schedule	End of May	Commissioners
Develop a detailed plan for implementation of recommended activities	by the end of June	Subgroup
Amend rules on eligible customers	June-July	Commissions
Amend tariff methodology	June-July	Commissions
Determine prices for default supply service	end of September	Commissioners
Public outreach	after June	Commissioners and REAP
Coordination with activities undertaken in the SEE Whole Market opening	Continuously	Market Working Group

Attachments:

Attachment A – Overview of regional practice

Attachment B – Overview of customers by consumption in 2010

Attachment A – Overview of regional practice

“Electricity market opening” experience from neighboring countries

MONTENEGRO - Law on Energy "Official Gazette Montenegro 28/2010," dated 14.05.2010.

By the adoption of the Energy Law, Montenegro provided for the implementation of reform in market opening. They defined Universal Service (according to the Directive) and Public Supplier.

The Public Supplier performs supply as public service **at regulated tariffs** (approved by the Agency):

- tariff, ineligible customers (until 1.1.2015. households);
- eligible customers connected to distribution systems, who chose such manner of supply;

The Public Supplier also has a role of **temporary (reserve) supply** or “Supplier of Last Resort” to eligible customers (at the tariff approved by the Agency) in the event:

- The supplier who supplied the customer is not able to do it any more (for example, because of bankruptcy, bigger disturbances in the market, etc.) and can last for 90 days.
- The customer does not have a possibility to influence new circumstances, and without protection it can lose supply.

The Government determines the energy undertaking that has the role of Public Supplier. The Public Supplier must have seat in Montenegro. The Public Supplier executes a contract on purchase of electricity with a generator from Montenegro at regulated prices.

Supplier of vulnerable customers is Public Supplier. It refers to household customers who are connected to the electricity distribution system as defined in Article 156 of the Law. The tariffs for supply of vulnerable customers to whom supply cannot be terminated are determined by the Agency.

Transitional and closing provisions (Article 192)

The Government may decide that the provisions of the article 154 paragraph (2) herein shall apply also to end customers connected to the transmission system in the period by 31st of December 2012, in the event of economic, social and other justified reasons.

So, in practice, only the customers on transmission networks are in the market, but with the transitional provision referred to in Article 192, universal service is prescribed, public service is provided on the distribution level and formally all but households are in the market.

AD Prenos is the licensee for three activities: transmission of electricity, transmission network operator, and market operator. *EPCG AD Nikšić* is the licensee for Generation, Distribution and distribution system operator and supply, *EFT Herceg Novi* is License for supply in the market and trade. In the Decision of 16.12.2010, the Montenegro Government established the company: “Montenegro Electricity Market Operator (**COTE**),” but in practice this function is still performed by the Transmission Company.

The Eligible customer supplier is an energy undertaking that has a license for supply of eligible customers and performs it as public service on the basis of market principles, and electricity for supply is purchased in the market.

Regulated tariffs are:

- The price for the use of transmission or distribution systems (determined by operators on the basis of prescribed methodology and approved by the Agency).
- The tariff for tariff customers and customers at regulated electricity tariffs supplied by the public supplier (is determined by the tariff customers’ supplier and public supplier on the basis of the prescribed methodology and approved by the Agency).
- Tariff for supply of vulnerable customers (determined by the Agency) and the difference between costs and revenue is determined by the Montenegro Government.
- The tariff for SOLR (determined by the SOLR based on the prescribed methodology, and approved by the Agency. This tariff may be higher than the average price or the tariff for supply of customers supplied in the market

CROATIA - Law on electricity market (NN 177/04, 76/07 and 152/08)

By the amendments of the Law on Electricity Marketn all electricity customers other than households are forced to sign supply contracts with suppliers as of 01.07.2009; and they procure electricity in the market. All customers who failed to sign supply contract

within the prescribed time, pursuant to the General Conditions for Electricity Supply, continue to be supplied by the supplier who has Public Service Obligation (HEP as default supplier), but at the price of balancing energy, which is higher than the price that was offered by the same supplier through bilateral supply contracts. The price of balancing energy is calculated according to a formula determined in advance, and it represents the combination of a price based on regular suppliers tariffs (around 70%) and the price from Lajpzig PX (around 30%).

Eligible customers - all as of 1.1.2008 (7 licensees for supply license)

Tariff customers:

1. households
 2. eligible customers whose supplier terminated operation, but only for a period of 30 days (*SOLR*)
- 1 licensee authorized for supply of tariff customers

Regulated tariffs are for tariff customers (households and other eligible customers whose supplier terminated operation, but only for the period of 30 days) and for the customers who failed to find their supplier, pay for consumed electricity at the price of balancing energy (default supply). The Government approves tariffs.

Until 1.1.2011, tariff customers were supplied at the tariffs for generation (procurement) of electricity

After 1.1.2011, procurement of electricity for tariff customers is performed according to a public tender, which the Agency publishes every 5 years.

For the purpose of a special economic interest, the Government may temporarily determine lower prices in the part of electricity price related to generation of electricity for a specific category of tariff customers.

Legal persons in the market are: HEP Transmission System Operator TSO - responsible for balancing of electricity system; HEP Distribution system operator (DSO) – the only energy undertaking authorized to provide public service of supply; HEP Supply - eligible customers supplier (bilateral contract, General conditions of supply of HEP supply); HEP generation – license for generation for tariff customers HEP d.d. and HEP group

According to "**new Law**"- **UNOFFICIAL**:

- The Agency will approve tariffs.

- There will be: public service, universal service, Supplier of Last Resort. Households will continue to have “regulated tariffs” under a different name.

-The Agency will prescribe the methodology for determination of these services.

The new law in the procedure, the draft hasn’t been published, but it was announced that adoption is to occur in late June.

SERBIA – the new draft Energy Law published

Currently, as in most transition countries, in Serbia there are regulated tariffs for all final electricity customers. The regulated Power Utility (EPS) submits its own proposed tariffs for final customers, with an opinion of the Regulator (AERS), to the Republic of Serbia government that gives final approval for the implementation of the same. The applicable legislation enables all electricity customers, other than household customers, to freely purchase electricity in the market. The eligible customer status, in the sense of supply in the market, is not assumed by any customer, probably because of low applicable tariffs for final customers.

The published Draft Energy Law defines electricity supply activity and public supply activity. Thereby, the activity of the public supply is defined as an activity of general interest.

In case of termination of purchase agreement with a freely-chosen supplier, all end customers other than those who are entitled to public supply shall have the right to SOLR service.

For all end customers, the SOLR is a supplier to whom the Government assigned the public service obligation.

Article 102. defines the schedule for market opening, so the right to choose public supply shall be granted to:

- As of 1. January 2013, end customers whose facilities are connected to distribution system,

-As of 1. January 2013, end customers whose facilities are connected to the low voltage network 0,4 kV and 10 kV,

-As of 1. January 2015, small customers

Note: "small customers" are households, other final customers whose facilities are connected to 0,4 kV and customers whose facilities are connected to 10 kV with installed capacity up to 0,5 MW.

Article 54 defines that regulated prices are:

- Prices of electricity for small customers,
- Prices of electricity for Supply of Last Resort,
- Prices of system services, and
- Prices of electricity for compensation of losses in the transmission and distribution systems, which should be sold by SOLR by 1. January 2015.

By 1 January 2012, the Republic of Serbia Government shall have jurisdiction over prices.

Supplier supplies other suppliers or end customers.

Public supplier shall be obligated to supply small customers.

Supplier and public supplier are unbundled; supplier cannot perform public supply activity.

Public supplier of electricity within full supply contract purchases total demand needed to supply small customers from the supplier to whom the Government assigned public service obligation.

SLOVENIA - Law on Energy (27/07 (EZ-UPB2), 70/08 (EZ-C), 22/10 (EZ-D))

Slovenia is one of the European countries that fully abandoned regulation of tariffs for final electricity customers. Only natural monopolies are regulated, so there are tariffs for network activities of transmission and distribution of electricity.

Slovenia has organized a Day ahead market through Market Operator – “Borzen,” which regulates a balancing market as well.

While the market is fully open, the prices for final customers in all distribution areas are practically equal. This shows that bilaterally negotiated electricity prices between generator and supplier are controlled by the owner, which is in both cases Slovenia.

Formally Slovenia meets all requirements imposed by EU Law in the electricity sector.

Undertakings:

- Transmission System Operator (ELEKTRO-SLOVENIJA d.o.o)
- Distribution System Operator (issued 20 licenses Elektro Celje, Elektro Gorenjska, Elektro Ljubljana, Elektro Maribor, Elektro Primorska, SODO sistemski operater distribucijskega omrežja itd.)

- Supply to tariff customers - issued 14 licenses (Elektro Celje, Elektro Gorenjska, Elektro Ljubljana, Elektro Maribor, Elektro Primorska, AC KONIM, Holding Slovenske železnice, IMPOL, industrija metalnih polizdelkov, etc.).
- Organization of electricity market (BORZEN, Market Operator)
- Electricity procurement, trade and representation –issued 73 licenses.
- Generation – 15 licenses issued

BULGARIA (from the report of Regulatory Commission for Energy for 2009, published in 2010)

The electricity market in Bulgaria operates by a model where part of the transactions for electricity sale are concluded at regulated prices and approved by the regulator; and the remaining part is traded on the liberalized market at freely negotiated prices between the parties on the market. Under the Energy Act, parties to transactions on the liberalized market of electricity are producers, traders in electricity and consumers.

A certain share of the quantity of electricity output by individual (mainly large) producers, under the Energy Act and Directive 2003/54/EC, is sold to the Public Provider for protected consumers at regulated prices. The quantity of electricity purchased at regulated prices from producers, within a regulator-defined „quota” for each producer, is determined on the basis of the principles of equality and transparency. Within this model, the regulated price for protected consumers is calculated as an average weighted mix of prices of electricity producers from various primary energy sources (nuclear, coal, water). Producers may, under the law, sell the rest of electricity output on the liberalized market as equal participants.

The annual consumption of electricity in 2009 was 32.3 TWh, and the share of traded quantity on the domestic market was 7.9 TWh. This quantity was traded between producers, traders in electricity and large and medium business consumers, based on bilateral contracts signed at freely negotiated prices.

Presently, operations of traders in electricity do not cover retail markets for small companies and household consumers. Amendments of the legislative framework have been developed, aimed at expanding the electricity market in the medium and small business consumers sector.

Total consumption of end-users in 2009 was 28.63 TWh.

Total sold electricity in the free market, namely high voltage (HV) and partly middle voltage (MV), was 7.9 TWh. Total end consumption by protected consumers (household consumers and small businesses) who purchased electricity at regulated prices in 2009 was 20.73 TWh.

In order to strengthen consumer protection, the Directive recommends precautionary measures to prohibit the switch-off or interruption of the network and the creation of supplier of last resort in the national legislation of member states.

The supplier of last resort may be appointed by a representative of the sector, determined by law, administrative decision, or a tender procedure. The purpose of this mechanism is to ensure continuity in the electricity supply, and the respective national competent authorities may monitor access to electricity and announce the monitoring results to the public.

At present, the mechanism of Public Supplier of Last Resort is not laid down and differentiated from other players in the Electricity Sector. Its appointment and functioning will be envisaged by a forthcoming amendment to the Energy Act. The idea is that the Supplier of Last Resort will sell electricity at prices, regulated by SEWRC, but determined by the market, as opposed to the current pricing, where tariffs are cost-based. The Supplier of Last Resort will purchase energy on the market and will transfer all costs and losses to end consumers; therefore, the regulatory commission will have the power to set the maximum price of this company. The transfer of costs to the end consumer should stimulate customers to seek a competitive supplier.

Attachment B – Overview of customers by consumption in 2010

a) Customers in FBiH

GROUP I. Customers connected to transmission network and commercial customers with annual consumption in excess of 10 GWh.

GROUP I.	consumption 110 kV (GWh)	number of customers 110 kV	customers at 35 kV with consumption above 10 GWh (GWh)	number of customers at 35 kV with consumption above 10 GWh (kWh)	customers at 10 kV with consumption above 10 GWh (GWh)	number of customers at 10 kV with consumption above 10 GWh (GWh)	consumption of customers connected to transmission network and other customers with annual consumption above 10 GWh	number of customers connected to transmission network and other customers with annual consumption above 10 GWh
EP BiH	371	5	291	10	91	5	753	20
EP HZHB	962	3	0	0	0	0	962	3
Total FBiH	1.334	8	291	10	91	5	1.716	23

GROUP II. Customers to whom the capacity is not measured (Power permit issued to peak capacity greater than 23 kW) with annual consumption less than 10 GWh

customers at 35 kV voltage level

35 kV	consumption 35 kV (GWh)	number of customers 35 kV
EP BiH	31	38
EP HZHB	5	3
Total FBiH	36	41

customers at 10 kV voltage level

10 kV	consumption 2010. (GWh)	number of customers
EP BiH	582	607
EP HZHB	145	140
Total FBiH	727	747

commercial customers I tariff group

comm. I group	consumption 2010. (GWh)	number of customers
EP BiH	207	1.738
EP HZHB	122	1.241
Total FBiH	329	2.979

TOTAL GROUP II.

GROUP II.	consumption 2010. (GWh)	number of customers
EP BiH	820	2.383
EP HZHB	272	1.384
Total FBiH	1.091	3.767

GROUP III. Customers to whom capacity is not measured and they belong to categories commercial customers and public lighting

commercial customers II and III tariff group and public lighting

GROUP III.	consumption comm. II and III group 2010. (GWh)	number of customers comm. II and III group	consumption public lighting 2010. (GWh)	number of customers public lighting	consumption comm. II and III group + public lighting 2010. (GWh)	consumption comm. II and III group + public lighting
EP BiH	525	51.119	78	5.225	603	56.344
EP HZHB	137	13.448	21	1.611	159	15.059

Total F BiH	662	64.567	99	6.836	762	71.403
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CUSTOMERS WHO OBTAINED ELIGIBLE CUSTOMER STATUS (they were tariff customers in 2010)

customers who obtained el.cust. Status	consumption 2010. (GWh)	number of customers
EP BiH	2.176	58.747
EP HZHB	1.393	16.446
Total F BiH	3.569	75.193

HOUSEHOLDS (eligible customer status will be obtained on 01.01.2015.)

households	consumption 2010. (GWh)	number of customers
EP BiH	2.018	637.086
EP HZHB	707	169.851
Total F BiH	2.725	806.937

b) Customers in RS

GROUP I. Customers connected to transmission network and commercial customers with annual consumption above 10 GWh

I GROUP	consumption 110 kV (GWh)	number of customers 110 kV	customers at 35 kV with consumption above 10 GWh (GWh)	number of customers at 35 kV with consumption above 10 GWh (kWh)	consumption of customers connected to transmission network and commercial customers with annual consumption above 10 GWh
Republika Srpska	110,26	4	148,66	6	258,92

GROUP II. Customers to whom capacity is not measured (end customers whose connection capacity corresponds to the installation with annual consumption less than 10 GWh

customers at 35 kV voltage level

35 kV	consumption 35 kV (GWh)	number of customers at 35 kV
Republic of Srpska	22,24	18

customers at 10 kV voltage level

10 kV	customers at 10 kV (GWh)	number of customers at 10 kV
Republic of Srpska	484,00	631

commercial customers I tariff group

comm. I group	comm I group (GWh)	no of customers comm. I group
Republic of Srpska	208,95	1.444

TOTAL GROUP II.

II GROUP	consumption 2010. (GWh)	no of customers
Republic of Srpska	715,19	2.093

GROUP III. Customers to whom capacity is not measured and they belong to categories comm. Consumption and public lighting

comm. Consumption 2,3,6 and 7 tariff group and public lighting

comm. 2, 3, 6 and 7 group and public lighting	consumption comm. 2, 3, 6 and 7 group 2010. (GWh)	number of customers comm. 2, 3, 6 and 7 group	consumption public lighting 2010. (GWh)	number of customers public lighting	consumption comm 2, 3, 6 and 7 group + public lighting 2010. (GWh)	n c g
Republika Srpska	331,66	31.073	59,06	414	390,72	

c) Customers in Brčko District

Consumption Category	Number of Customers	Energy (kWh)
110 KV		
35 KV	1	11.025.000
10 KV	22	22.551.200
Households	30.309	133.434.372
Other Consumption	4.634	61.955.077