
**BOSNIA AND HERZEGOVINA
ENERGY REGULATORY DEVELOPMENT**

Contract No. EEU-I-00-99-000-20-00
Task Order No. 801

**PROJECT
COMPLETION REPORT**

Prepared for:

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BOSNIA AND HERZEGOVINA ENERGY REGULATORY DEVELOPMENT PROJECT COMPLETION REPORT

1. EXECUTIVE SUMMARY

Task Order 801, “Bosnia and Herzegovina Energy Regulatory Development,” executed in September 2001 and as modified in August 2004, outlined three major goals of energy sector reform in Bosnia and Herzegovina:

- (1) Development of sound laws for regulatory arrangements;
- (2) Creation of effective institutional capacity in the regulatory bodies to carry out their functions; and
- (3) Strengthening the human resource capacity and regulatory functioning of the regulatory bodies.

To these ends, Pierce Atwood has for the last five and a half years served as full-time energy regulatory development advisor to Bosnia and Herzegovina’s three independent energy regulatory commissions: the State Energy Regulatory Commission (SERC), which regulates transmission throughout Bosnia and Herzegovina, and the two Entity commissions, Federation Energy Regulatory Commission (FERC) and Republika Srpska Energy Regulatory Commission (RSERC), which regulate generation and distribution in the Federation and in Republika Srpska, respectively. This Completion Report highlights Pierce Atwood’s accomplishments in advancement of the three Task Order goals, provides the final status of performance against the Task Order “Benchmarks and Tangible Results,” and describes lessons learned during implementation of the Task Order, with suggestions for resolution of identified constraints.

When Pierce Atwood commenced this Project in October 2001, there were no energy regulatory commissions, and no primary energy laws, at all. Pierce Atwood assisted in drafting the primary laws creating the three commissions, and supported the laws' enactment by each Parliament (in the case of the State (national) law, the first law adopted without imposition by the United Nations Office of High Representative). Over the course of the Project, Pierce Atwood provided two resident regulatory experts (a U.S.-based resident advisor and a local economist) and numerous specialists who assisted through over 100 short-term assignments in-country. These specialists included tariff experts, regional licensing experts, several former utility regulators from the United States and Europe, and experienced Pierce Atwood energy attorneys.

Highlights of Pierce Atwood's contributions to energy reform in Bosnia and Herzegovina over the last 5½ years include:

- Development and enactment of three primary energy laws defining the roles and responsibilities of the State and two Entity regulatory commissions
- Establishment of the three regulatory commissions, with qualified staff, coherent organizational structures, sufficient technical resources and suitable office space
- Formation of a transmission company and independent system operator
- Development of secondary legislation providing the legal basis for the commissions' operations
- Fully trained commissions and staff knowledgeable in all aspects of regulatory operations and capable of exercising their authority in a transparent and open manner
- Regulatory proficiency demonstrated through:
 - Adoption of licensing, ethical and procedural rules and tariff methodologies
 - Issuance of all licenses for regulated activities
 - Approval of tariffs for all regulated activities
 - Participation in regional meetings and conferences

- Inter-commission cooperation on significant issues affecting the energy sector

Pierce Atwood's activities within the three Task Order objectives involved:

- Development of draft legislation, including primary laws, ordinances, directions, rules, and procedures
- Development of tariff methodologies
- Drafting of detailed licensing and procedural rules
- Guidance on regulatory frameworks in each functional area (transmission, distribution and generation)
- Formal seminars and hands-on workshop trainings
- Education on international best practices

2. BACKGROUND

A. Sector Status on Project Commencement

When Pierce Atwood began the Project in the summer of 2001, Bosnia and Herzegovina was (and remains) an ethnically divided country that did not have a centralized State government. As a result of the 1995 Dayton Accords ending the armed conflict, Bosnia and Herzegovina has a two-tiered government structure that recognizes both national and Entity-level governments. The two Entities, the Federation of Bosnia and Herzegovina and Republika Srpska (roughly divided along ethnic as opposed to geographic boundaries), each has its own constitution, parliament, and ministries. The national government is also structured to recognize ethnic divisions, with a three-member Presidency (one Croat, one Bosniak and one Serb) with rotating chairmanship, and mandatory multiethnic membership in other cabinet offices. The implementation of the civil aspects of this structure is overseen by the United Nations Office of High Representative (OHR), which can impose laws it deems necessary where

the appropriate parliament does not. Any laws establishing regulatory bodies to govern the energy sector must respect this structure and preserve the Entity governments' authority over their internal operations.

In addition, the power sector consisted of three vertically integrated monopolies: Elektroprivreda Bosne i Hercegovine ("EPBiH") and Elektroprivreda Hrvatske Zajednice Herceg-Bosna ("EPHZHB") in the Federation and Elektroprivreda of the Republic of Srpska ("EPRS") in the RS. The power companies were (and in some respects still are) virtual monopolies within their exclusive ethnically based service territories, financially challenged by losses, revenue collection problems, and corruption.

The development of the legal and regulatory framework for restructuring of the power sector had to be completed against this backdrop.

B. Task Order Goals and Objectives

Consistent with Bosnia and Herzegovina's political structure, the Task Order called for the establishment of three regulatory bodies, with a clear delineation of authority among each. A State regulator would have authority over transmission throughout Bosnia and Herzegovina; two Entity commissions would have authority over distribution and generation within their respective borders. The Task Order recognized that the formation of these bodies would likely precede the unbundling of the vertically integrated utilities and the formation of the transmission company and independent system operator (ISO), which would create some overlap and disorder in the implementation of certain regulatory functions. As a result, Pierce Atwood was also charged with selectively advising other entities, such as ministries and utilities, on market transition issues.

The original Task Order amplified the three primary goals to include specific tasks, which were simply listed in the Task Order but for ease of reporting are arranged below under the three goals:

1. Development of sound laws

- Review legal and regulatory experiences from other countries in region
- Define authority of regulatory bodies
- Review and advise on draft and existing laws
- Develop regulatory policies (and report addressing State and Entity policies)
- Develop secondary legislation to provide legal basis for operation of regulatory bodies

2. Effective institutional capacity

- Define structure, staffing and operations of regulatory bodies (organizational and staffing plans)
- Develop regulatory procedures for operation
- Work with regulatory personnel on these issues
- Advise and support regulators and staff in privatization process
- Advise regulators and staff on key issues
- Prepare issue papers as training tools, topics of discussion, and information for public

3. Strengthened human resource capacity

- In addition to above, provide onsite, focused training on key regulatory issues
- Support regulator and staff participation in selected international meetings/conferences

In August 2004, the Task Order was modified to add the following additional objectives, all consistent with the three goals of the Project:

- Unification of the three electricity regulators into a single State regulator
- Transition to fully functioning ISO through development and adoption of appropriate commercial and grid codes and viable transmission tariffs

- Adoption of regulatory procedures to assure transparent and competent regulatory processes consistent with EU requirements and attractive to private investment
- Training and support of the regulators in drafting secondary legislation and developing regulatory programs such as procedural rules, licensing, tariff methodologies and tariffs, and quality of service

The Task Order modification specified the regulatory procedures to be developed:

- Codes of ethics
- Rules of procedure
- Temporary and permanent licensing
- Tariff methodology development
- Tariff issuance
- Consumer complaints and mediation
- Monitoring, auditing, investigations, dispute resolution, and enforcement

Finally, the Task Order modification set target dates for development of the procedures and for focused efforts on training, especially with regard to tariff methodologies and international regulatory practices. Assistance to ensure effective ISO functioning would center on SERC's timely approval of commercial and grid codes, tariffs, and operating protocols.

In furtherance of these goals and tasks, Pierce Atwood prepared annual work plans that built on the previous year's work. In the next section, we describe each year's major activities and achievements. *A more detailed description of the activities and deliverables are provided in Appendices A (by Task Order goals and objectives) and B (by year).*

3. ACCOMPLISHMENTS AGAINST THE WORK PLAN

Each year, with input from the counterpart commissions, Pierce Atwood prepared and submitted for USAID an annual work plan outlining general areas of focus for the coming year, and providing specificity for near-term planned activities, such as workshops, specialist TDYs and deliverables. The work plans tracked the three Task Order goals of legal framework development, institutional capacity building, and strengthening of the human resource capacity for effective regulatory performance.

A. *Year 1 (2001 – 2002)*

By agreement with USAID, the submission of the initial annual work plan was postponed pending passage of a State energy law, which at the time of project commencement was in outline form only. The first eight months of the Project were spent on promoting enactment of the law: first meeting with USAID and Entity and State stakeholders (Ministry officials, international donors, utility managers) and gathering information and identifying the key issues and concerns that would need to be addressed in the law, then spearheading the drafting effort, working with stakeholders to reconcile various proposals and comments, obtaining consensus on various drafts, and maneuvering through the parliamentary process to preserve critical provisions in the law that ensured regulatory independence. In parallel to this effort, Pierce Atwood commented extensively on the Entity energy laws, harmonizing them with the State law and each other, and similarly advancing passage by the Parliaments in each Entity. The State Energy Law was enacted in March 2002, the first significant piece of legislation adopted by consensus of the relevant Ministries and not imposed by the OHR. The Entity laws followed, with the Federation's enacted in July and the Republika Srpska's in September 2002. All three laws provided their respective commissions with

the autonomy, rights, and responsibilities needed to become modern and effective energy regulators.

Project priorities then turned to the law on formation of the transmission company. Pierce Atwood assisted in the establishment of a Steering Committee, and then worked with the Committee to address basic issues that needed to be resolved, such as settling an impasse between the Entities over the ownership of the Transmission Company. Pierce Atwood then developed an outline of the proposed law, and circulated it to USAID and interested parties for comment. Throughout this course of action, Pierce Atwood met frequently with Entity and State officials and utility experts to fully inform them of regional initiatives and EU Directives and practices and to become familiar with local energy issues in order to adapt these principles to Bosnia and Herzegovina's situation.

At the same time, throughout the first year, Pierce Atwood conducted formal workshops for Ministry representatives and State and Entity sector participants, to educate them on the primary laws, introduce basic regulatory concepts such as required regulatory skills, public processes and organizational structure, and provide information on international market structures and ISO operations.

Other activities in the first year involved working with other international consultants engaged on market design issues to facilitate formation of an independent system operator.

Year 1 Highlights

- *Enactment of the State Act on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (State Electricity Law)*
- *Enactment of Federation Law on Electric Power*
- *Enactment of Republika Srpska Electric Power Law*
- *Drafts of the Transmission Company Law and the Independent System Operator Law*
- *Conducted five workshops on various principles of regulation*

B. Year 2 (2002 – 2003)

The second year work plan focused on three goals: drafting and ensuring passage of a Transmission Company Law; developing and facilitating the establishment of the legal framework to establish an Independent System Operator, and establishment of the regulatory agencies on the State and Entity levels.

Formation of a separate transmission company required the three elektroprivredas (utilities) to transfer their transmission assets to the newly formed company, with Entity ownership of stock in proportion to the assets contributed by the utilities. Pierce Atwood drafted the Transmission Company Law and worked with Entity and State government representatives (through the Steering Committee Working Groups (Legal, Financial, and Technical)) to obtain endorsement of a final draft, which involved resolution of thorny issues such as stock ownership and governance structures. To move forward, Pierce Atwood facilitated a compromise that employed interim transmission tariffs (and therefore an interim tariff methodology).

In conjunction with developing the Transmission Company Law, Pierce Atwood also worked on a draft law to establish an ISO. Together, the inter-related laws clearly defined the roles of the ISO and the Transmission Company, and the ISO Law also

provided for Entity ownership, a non-profit company, no issuance of stock, an Advisory Committee, and a prohibition against the sale of ISO ownership shares by the Entities. Agreement on all these issues had to be reached with various stakeholders including the Prime Minister of Bosnia and Herzegovina.

With Pierce Atwood's assistance in preparing summaries, lobbying materials, and responses to questions raised by Ministry and sector participants, the two laws moved through the parliamentary process. The first step toward enactment occurred on October 30, 2003, with adoption of both laws by the Council of Ministers.

Pierce Atwood was also actively involved in the legislative activity to nominate commissioners to each regulatory commission. Pierce Atwood worked with the nominees pending confirmation (delayed as a result of Fall 2002 elections) to train them on their upcoming roles. Pierce Atwood's new resident advisor, Jane Wilson, who arrived on November 2, 2002, and who served in that role for the rest of the project, worked intensively on all training of the nominees throughout the first quarter. With Pierce Atwood attorneys John Gulliver and Isabel Bjork, she assisted the newly formed SERC in developing its budget, organizational structure, charter and staffing requirements. In addition, Pierce Atwood helped draft initial operating procedures for SERC, such as the Code of Ethics and Rules of Work.

Year 2 Highlights

- *Formation and active participation in the Transmission Company Working Group*
- *Drafts of the Transmission Company Law and the Independent System Operator Law*
- *Preparation of organizational documents (charters, structure, internal rules, and budgets) for all three commissions*
- *Hiring of qualified commission staffs*
- *Numerous white papers on current issues, including unification of regulatory bodies*

C. Year 3 (2003 – 2004)

The first priority in Year 3 was final adoption of the Transmission Company Law and the ISO Law; Pierce Atwood worked to incorporate amendments proposed by the donor community, promoted adoption by the Council of Ministers (October 2003), and then helped press the laws through Parliament (enacted in May 2004).

In the Year 3 work plan, secondary legislation, and particularly tariffs, also took center stage. Pierce Atwood worked with the legal staffs to finalize procedural rules and codes of ethics, and continued training (both formal and on a hands-on, ad hoc basis) in fundamental principles of independence and transparency for each commission. Employing open processes, with meaningful public participation, was understandable to the commissioners in concept but not in practice, and they initially resisted certain rule provisions designed to ensure public access to regulatory proceedings. However, by year end, the commissions had held several public hearings and issued numerous decisions through open processes, from distributing the procedural rules for public comment to addressing emerging issues such as temporary licenses, adoption of the regional cross border trade (CBT) mechanism, and interim tariffs pending formation of

the transmission company and adoption of final tariff methodologies and licensing rules. This was particularly noteworthy as the commissions were in the very early stages of operations and still developing basic internal processes and routines.

In September 2004, Pierce Atwood organized and conducted an intense two-week training program in tariff methodologies for all three commissions and relevant staff (who had been employed only a month). Tariff specialists Ralph Zarumba, Carl Peterson, and Dr. Karl McDermott covered a great deal of complex and highly technical material, including a review of microeconomics, revenue requirements, functional separation and unbundling, finance review, load research, marginal costs to tariffs, and tariff design. Attendees were assigned exercises with each presentation, including actual modeling problems and breakout sessions in which participants worked together to build the filing requirements for a tariff application. The trainers also provided a marginal cost analysis model along with detailed instruction on the calculation. This two-week training was followed a month later by a follow-up one-week session in which each commission presented its proposed tariff models.

Year 3 Highlights

- *Enactment of the Transmission Company Law and the Independent System Operator Law*
- *Adoption of Statuts (bylaws) for each commission*
- *First public hearings and written decisions issued by each commission*
- *Draft rules of procedure, arbitration rules, and codes of ethics for all three commissions*
- *Extensive training on procedural and tariff methodology issues*

D. Year 4 (2004 – 2005)

Year 4 was a critical one in the commissions' development, as they tackled their first full-blown tariff and licensing proceedings. Extensive work on developing tariff methodology rules, with "rationale papers" explaining the basis for the rules to the public, followed the September tariff training program. Pierce Atwood commented extensively on various drafts of the rules, harmonizing the rules with each other and with relevant laws. Each commission issued its rule for public comment before the end of calendar year 2004 and as part of the public comment process, scheduled technical and public hearings in several locations (e.g., Sarajevo, Tuzla, Banja Luka). The hearings were well attended by the public and covered by the press, although only a few written comments were submitted.

During this same period, the commissions received in-depth training on licensing through a three-day workshop conducted by Pierce Atwood that focused on developing draft licensing rules and model licenses for all regulated functions of the electricity sector (generation, transmission, distribution, and supply). Participants engaged in an in-depth discussion on cooperation among the Commissions to issue licenses, hold multiple license issuance hearings in all jurisdictions, and mutual recognition of licenses. With assistance from Pierce Atwood, the commissions subsequently drafted licensing rules and issued them for public comment, following the same process as for the tariff rules. Following adoption of these and the procedural, arbitration, and hearings rules, the commissions processed their first tariff and licensing applications, following their respective tariff and licensing rules. As expected, the greatest difficulty related to the paucity of the data provided by the elektroprivredas with their applications and in response to questions from commission staff.

In addition to the formalized and day-to-day advice and assistance to the three commissions, Pierce Atwood also worked extensively with the Ministry, USAID and the donor community on developing a legal framework for combining electricity sector regulation under one roof (the “unification law”) and the scope of a national gas law. Another focus of assistance related to the delayed formation of the transmission company and the ISO, which presented numerous challenges such as interim tariffs and cost allocations, the need for temporary licenses, and the appropriate notice and hearing procedures to address these issues.

Year 4 Highlights

- *Adoption of tariff and licensing rules*
- *Adoption of rules on public hearings, arbitration, conditions of supply, and procedures*
- *Commission processing of initial license applications and issuance of temporary licenses*
- *Commission processing of initial tariff applications and initial tariff decisions*

E. Year 5 (2005 – 2006)

The transmission company and ISO formation issues continued to occupy all three commissions and Pierce Atwood through year five, affecting both the licensing and tariff proceedings. The commissions also responded to strong public and political reactions to initial “interim” tariffs, with FERC in particular facing pressure from the Ministry and Parliament over the tariff increases (the largest industrial customer in the Federation complained in various forums, including an appeal to the court, about its 26% rate increase). Both FERC and RSERC faced threats to their operations in the form of parliamentary opposition (manifested in proposed budget cuts or, in the Federation, threatened removal from office). Pierce Atwood advised the Entity

commissioners how to respond to these threats, providing talking points to educate legislators as to the bases for the commission tariff decisions and the proper appeal mechanism.

Pierce Atwood also spent a substantial amount of time working on inter-commission cooperation issues, facilitating numerous joint commissioner meetings (and joint training sessions) to coordinate the treatment of the transmission tariff allocation, share public relations strategies, and address overlapping issues (such as a generator's international trading license application at SERC and supply license application at RSERC).

The development of secondary legislation continued to occupy the commissions' and Pierce Atwood's attention, with drafts and final rules on confidentiality, third party access, chart of accounts, grid codes, market opening and market rules. In addition, the Energy Community Treaty to which Bosnia and Herzegovina is a signatory took effect July 1, 2006, triggering a number of deadlines by which participating countries must meet certain EU Directive requirements and serving as incentive for the commissions to finalize their rules. In addition, Pierce Atwood actively participated in the Ministry-organized Gas Law Working Group, preparing an initial draft of the law and incorporating comments from other members.

Year 5 Highlights

- *SERC approval of ISO grid code, third party access, and market rules*
- *Adoption of confidentiality rules and charts of accounts*
- *Issuance of permanent licenses*
- *Final tariff decisions*
- *Draft national gas law*

F. November 2006 – February 2007

The impending completion of the project accelerated activity on various fronts as the commissions sought resolution of outstanding matters prior to project wind-up. FERC faced particular challenges in justifying its previous tariff decisions to the large industrial customer and the public. Tariff Specialist Ralph Zarumba traveled to Mostar in December and February to work with Tariff Department Staff, review FERC's calculations and assist Staff in recalculating the tariff using an appropriate allocation methodology, and provide FERC with a model it could use in the future. Resident Advisor Jane Wilson, in addition to assisting Mr. Zarumba in the tariff work, advised all three commissions and USAID on problems and possible solutions to regulation of the Brcko district, a politically sensitive issue.

4. FINAL STATUS OF PERFORMANCE AGAINST THE BENCHMARKS AND TANGIBLE RESULTS

The task order as amended identified the following benchmarks:

- 1. Establishment of State and two Entity regulatory bodies*
- 2. Development and adoption of secondary legislation*
- 3. Development and adoption of licenses and tariff methodologies*
- 4. Regulatory operational procedures adopted and implemented including regulatory accounting requirements, budget preparation, financial controls, and public hearing procedures*
- 5. Institutional capacity developed sufficiently to carry out regulatory functions*

The following table depicts the tangible results for each of these benchmarks, by Commission.

Benchmark	SERC	FERC	RSERC
<i>Establishment of State and two Entity regulatory bodies</i>	Established by State Act on Transmission, Regulator and System Operator, April 2002 Commenced operations 2003	Established by Federation Electricity Law, August 2002 Commenced operations 2003	Established by Republika Srpska Electricity Law, November 2002 Commenced operations 2003
<i>Development and adoption of secondary legislation</i>	Rule on Arbitration (1-2005) Rule on Market Opening (6-2006) Confidentiality Rule (12-2006) Third Party Access Rule (12-2006)	Rule on Arbitration (6-2005) Rule on Eligible Customer Status (8-2006) Confidentiality Rule (11-2006) Eligible Producer Rule (pending) General Conditions of Supply (pending)	Third Party Access Rule (6-2006) Rule on Eligible Customer (9-2006) Confidentiality Rule (1-2007) Eligible Producer Rule (pending) General Conditions of Supply (pending)
<i>Development and adoption of licenses and tariff methodologies</i>	Rule on Licensing (4/2005) Rule on Tariff Methodology (6/2005) Interim Tariff Rule (6/2005)	Rule on Licensing (4/2005) Rule on Tariff Methodology (6/2005)	Rule on Licensing (4/2005) Rule on Tariff Methodology (6/2005)
<i>Regulatory operational procedures adopted and implemented, including regulatory accounting requirements, budget preparation, financial controls, and public hearing procedures</i>	Rules of Internal Organization (10-2004) Rules on Practice and Procedure (1-2005) Hearing Rules (4-2005) Rules of Work (10-2005) Charts of Accounts (pending) Adopted annual budgets, 2004, 2005, 2006 – all approved by Parliament	Rules on Practice and Procedure (10-2004) Hearing and Complaint Resolution Rules (6-2005) Charts of Accounts (pending) Adopted annual budgets, 2004, 2005, 2006 – all approved by Parliament	Hearing Rules (7-2005) Rules on Practice and Procedure (10-2005) Charts of Accounts (pending) Adopted annual budgets, 2004, 2005, 2006 – all approved by Parliament
<i>Institutional capacity developed sufficiently to carry out regulatory functions</i>	All three commissions were fully trained in large and small group sessions on key regulatory issues, in particular procedural issues, and are able to independently function in a transparent and open manner. Each has issued licenses for all regulated activities within their jurisdictions; approved tariffs consistent with their published methodologies; and resolved disputes submitted to them. SERC is an active participant in international organizations such as ERRA and CEER. Additional information about commission activities, including licenses approved, tariff applications processed, and decisions issued, is available on their websites: www.derk.ba ; www.ferk.ba ; and www.reers.ba .		

5. THE COMMISSIONS' STATUS AS MEASURED BY EU REGULATORY STANDARDS

The real success of the project lies not in what deliverables were provided to USAID, but by the actions of the three regulatory commissions in implementing modern regulation and methodologies for the benefit of all Bosnian energy consumers. An effective and objective way to gauge regulatory development is to perform an assessment through the lens of prevailing regulatory standards in more advanced European Union countries.

Pierce Atwood utilized selected standards derived from applicable EU Directives, work memorialized in the Athens Memorandum of Understanding for the Regional Electricity Market in South East Europe, guidance set forth by the Council of European Energy Regulators (“CEER”) in its paper on Independence of the Regulator, and other sources defining basic elements of institutional regulatory and market development. These sources generally categorize regulatory standards, both in terms of competencies and performance, under three general areas: autonomy, authority and competency, and accountability.

A. *Autonomy*

None of the three commissions is completely independent of political influence, though commissioners have not been removed and replaced within their initial terms. New appointments to SERC are selected through a three-tiered process: recommendation of the Entity parliaments and then State Council of Minister nomination to the State Parliament, which appoints; the Entity commissioners are nominated by their respective governments and appointed by their respective Parliaments. All of the commissioners are appointed to five-year terms with the initial term of various lengths to

stagger the terms. All have tariff-setting, licensing, and dispute resolution authority. Rulings by the commissions cannot be overturned by their respective Governments, though in practice both Entity commissions have faced the threat of just such action. The Court of Bosnia and Herzegovina hears appeals on SERC's decisions, but is limited to review of errors in law or procedures or if new facts support an appeal. The Entity commission decisions can be appealed to the Cantonal Court (Federation) or the Regional Court (RS), and from there to the Federation or RS Supreme Court, as the case may be. All energy regulatory rules, guidelines, codes and procedures are developed and adopted by the individual commission. Each commission is financed through licensee fees that are not incorporated into the state budget, although they must submit their annual financial budgets to their respective parliaments for approval and in practice the Entity Commissions have had their proposed budgets reduced.

B. Authority and Competency

The three energy laws provide the commissions with all the authority needed to complete activities in licensing, price setting, license and market monitoring and rule making. However, the existence of three primary electricity laws and three separate regulatory bodies creates regulatory gaps and overlaps that can frustrate the goal of developing a single unified electricity market. Cooperation and coordination among the three regulatory bodies are thus critical in the development of competition and regulation of market power. A cohesive regulatory structure is the sector's greatest challenge as it seeks to become a meaningful part of the regional market.

Each commission has developed technical expertise through qualified staff and extensive training, and each has effectively used its authority in issuing licenses and approving tariffs in transmission, distribution, generation and supply, and exports, as

appropriate. The areas that need to be reinforced are the license- and market-monitoring activities and enforcement, data access, and effective communication to the public.

C. *Accountability*

Each commission must report annually on its activities, SERC to its Ministry and Parliament and the two Entity Commissions to their respective parliaments. Each commission provides its decisions on its web site and all hearings related to tariffs and licensing are open to the public. Their activities and finances are subject to auditing by an independent auditor.

6. LESSONS LEARNED DURING IMPLEMENTATION OF THE TASK ORDER, INCLUDING SUGGESTED WAYS TO RESOLVE ANY CONSTRAINTS THAT WERE IDENTIFIED

The experience of USAID's regulatory development efforts in Bosnia and Herzegovina teaches several lessons that in large part mirror lessons learned in neighboring countries:

- The value of flexibility in response to evolving conditions (as “urgent matters” need to be addressed and commissions ask for immediate attention to their needs)
- The importance of staying the course in terms of ultimate project goals despite the opportunities for distraction from “urgent matters” (commissions often panic when political pressure or public criticism is brought to bear, and need to be reminded of their core functions and the availability of their adopted procedures to address the particular situation)

- The need for involvement of stakeholders through working groups (in order to obtain buy-in and to educate local participants in the process)
- The obligation to educate the public (commissions often do not appreciate the consequences of their decisions and the value of preparing the public in advance to foreclose or minimize adverse reactions; devoting resources to training in public relations and developing a public and legislative liaison would alleviate some of the strain facing the regulators)
- The importance of maintaining trust (it is vital that the regulators understand you have their interests in mind in any advice you provide)

One of the key lessons not learned, but reaffirmed, in this project is that an established presence in-country through a locally staffed office, led by a qualified and strong resident advisor, is invaluable. Emergencies arise and can be addressed immediately; commissioners and staff learn to communicate regularly with, rely on, and trust the advisor; and the advisor becomes familiar with the undercurrents of political and cultural forces at play in the sector.

CONCLUSION

From a bare legal and regulatory landscape to three fully functioning and independent regulatory bodies, Bosnia and Herzegovina's energy framework has advanced significantly in the 5½ years that Pierce Atwood has supported the country's energy sector development. Each of the three regulatory commissions is now equipped with the tools to operate as a well-functioning energy regulator. They have received

hands-on training in-country as well as exposure to international experience through study tours and seminars; they have drafted rules on practice and procedure, licensing, tariffs, and other operational issues; they have reviewed and processed licensing and tariff applications; and, more generally, they have fulfilled their responsibilities through effective and transparent processes and procedures. Pierce Atwood appreciates the opportunity to have been part of these important and successful changes in Bosnia and Herzegovina's electricity sector.

PROJECT ACTIVITIES AND ACHIEVEMENTS

Task I – Sound Laws			
Task Order Statement of Work	Deliverables	Status	Results
<p>Task Order VI(A)(1)</p> <p>Review legal and regulatory experience from other countries in region</p>	<ul style="list-style-type: none"> ▪ After extensive review of legal and regulatory experience from other countries in region, provided summaries of comparative experience throughout the project term to regulators, government officials, and stakeholders in the sector, including: ▪ Presentation of three 2002 workshops, reviewed regulatory experience from other countries in South East Europe and Western Europe and distributed materials on relevant regional regulatory experience. ▪ Review of drafts of the State Act on Transmission, and the Federation and RS Electricity law, focused on relevant regulatory experience and EU Directive requirements ▪ In developing the Transmission Company Law, Independent System Operator Laws, provided research on European corporate governance structures to the Legal Working Group ▪ Presentation or Restructuring Workshop, with discussion of the regional practices with participants ▪ Tutorial training with SERC nominee on regional and international regulatory practices ▪ Provided information to RS representatives and others regarding the effects of privatization in other countries. ▪ Presentations on regulatory lessons learned from other countries in various meetings with the individual commissions and joint workshops, such as the workshop on “A Regulator’s Greatest Challenge” in January 2004 and September 2006 training workshop on Protection of Vulnerable Customers and market opening lessons learned. 	Completed	<ul style="list-style-type: none"> ▪ The five laws enacted in BiH are consistent with the Dayton Accords and with the main principles of EU Directives. ▪ BiH stakeholders had access to regional experience in fashioning BiH solutions to energy sector issues
<p>Task Order VI(A)(2)</p> <p>Define authority of regulatory bodies</p>	<ul style="list-style-type: none"> ▪ The formation, scope, authority, responsibilities and independence of three energy sector regulators, SERC, FERC, and RSERC, were defined in their respective Electricity laws. ▪ Advised on strengths and weaknesses of organization, authority, autonomy and accountability of commissions. ▪ Advised on development of Statuts (by-laws) by each commission to further define corporate authority ▪ Multiple meetings and presentations (such as a workshop on “The Regulator’s Greatest Challenge”) training commissioners and staff that commissions must be accountable through public and transparent proceedings, independent from political and regulated company influence, and responsibly exercise their authority by issuing reasoned decisions and abiding by their own rules. 	Completed	<ul style="list-style-type: none"> ▪ Formation of three independent regulatory authorities consistent with Dayton Accords and with EU Energy Directives. ▪ Commission Statuts developed and adopted
<p>Task Order VI(A)(3)</p> <p>Review and</p>	<ul style="list-style-type: none"> ▪ Pierce Atwood drafted, and the BiH Parliament on March 21, 2002, passed the State Act on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (State Electricity Law), published in the BiH Official Gazette No. 7/02. ▪ Assisted in drafting Federation Electricity Law and harmonized it with the State Electricity Law. 	Completed	<ul style="list-style-type: none"> ▪ Five laws drafted with stakeholder Legal Working Groups, and later enacted by Parliaments: - The State Act on Transmission of Electric

Task I – Sound Laws

Task Order Statement of Work	Deliverables	Status	Results
advise on draft and existing laws	<p>The Federation Parliament on July 31, 2002, passed the Federation Law on Electric Power, published in the FBiH Official Gazette, No. 41/02.</p> <ul style="list-style-type: none"> ▪ Assisted in drafting and commented extensively on changes prior to passage of the Republika Srpska Electric Power Law by the National Assembly in September, 2002 and published in the RS Official Gazette No. 6/02. Although the final law was harmonized in most respects with the State Act on Transmission and Federation Electricity Law, the RS inserted changes pertaining to the ultimate ownership of transmission assets of EPRS, and the deference of the Entity to the State Electricity Law. ▪ Drafted the Transmission Company Law to provide for Entity ownership of stock in proportion to assets contributed and Independent Member to resolve deadlock in formation process (political impasse regarding ownership of the Transco shares, with Federation members arguing in favor of State ownership, the RS representatives arguing for Entity ownership, and divided opinions among the International Donor organizations, temporarily stalled progress; Pierce Atwood drafted compromise proposal, providing for stock ownership, and board representation in proportion to value of capital contribution, as well as a deadlock breaker provision; this compromise was accepted and formed the basis of the Transmission Company law). ▪ Drafted the Independent System Operator (ISO) Law, patterned on the Transco Law, consistent with EU Directives, with improved protection for third party access and development of a regional market. The ISO and Transmission Company roles are complementary, while ensuring non-discriminatory third party access. An ISO model, rather than TSO, was supported by the Legal Working Group, placing BiH at the forefront of the current trend within the EU favoring an ISO as a needed market protection to ensure non-discriminatory access. ▪ After incorporating the comments of the International Community, the Transmission and ISO laws were forwarded to the Ministry of Foreign Trade and Economic Resources (MOFTER) to put into the procedure. OHR submitted both the Transco Law and ISO law as a package to the President of the Council of Ministers, which adopted the Transco and ISO laws on 10-30-03. ▪ Prepared law summaries, a timeline, a flowchart of Transmission Company powers, and a presentation to be presented to the Parliamentary Assembly leaders to assist in Parliament review of the laws, and reviewed proposed Parliamentary revisions during enactment process ▪ Assisted ZEKC (the ISO predecessor) in detailing the cost of moving the ISO to Mostar in response to proposed amendment ▪ The Transmission Company Law and ISO Law were adopted by both Houses of Parliament in May, 2004 and both were published in the <i>BiH Official Gazette</i> No. 35/04. ▪ Working with USAID, reviewed the need for a natural gas law with MOFTER, and provided a tentative time line, draft prime ministers agreement that included both the gas law and unification of the regulators, and talking points on the regulatory oversight structure, resulting in MOFTER request for revision of Electricity Laws regarding unification of the regulators. ▪ Provided support to International Community and Transmission Company and ISO Independent 		<p>Power; Regulator and System Operator of Bosnia and Herzegovina;</p> <ul style="list-style-type: none"> - The Federation Electricity Law; - The Republika Srpska Electric Power Law; - The Transmission Company Law; and - The Independent System Operator Law. <p>Draft Gas Law developed for use by Gas Law Working Group</p> <p>MOFTER agreed to begin process of amendments to Electricity Laws to unify three regulators</p> <p>Gridlock on formation of Transmission Company and ISO resolved, and separate Transmission and ISO entities formed, through Independent Member deadlock provisions</p>

Task I – Sound Laws

Task Order Statement of Work	Deliverables	Status	Results
	<p>Member during formation process to resolve deadlocks and administrative roadblocks to formation and termination of transition period</p> <ul style="list-style-type: none"> ▪ At the request of OHR, submitted an analysis of an RS draft gas law that proposed to create yet another regulator for oil and gas, finding that the law would further fracture the unified market concept and result in higher transaction costs. <p>Drafted a Gas Law and incorporated MOFTER revisions, for circulation to an appointed Gas Law Working Group</p>		
<p>Task Order VI(A)(4)</p> <p>Develop regulatory policies and report addressing State and Entity policies</p>	<ul style="list-style-type: none"> ▪ Presented multiple workshops and presentations reviewing the laws and regulatory policies of generally accepted regulatory policies relevant to transition countries ▪ Electricity Laws drafted to articulate clear energy policies to guide MOFTER and three commissions ▪ Prepared materials for restructuring and privatization policy benefits presentation at OHR Roundtable, sponsored by USAID ▪ Prepared materials for and participated in a press conference in the RS regarding the benefits of restructuring. 	Completed	<ul style="list-style-type: none"> ▪ Five Electricity Laws provide clear regulatory policy guidance to three regulators and MOFTER, consistent with EU practice ▪ Three commissions moved promptly to issue secondary legislation, following policy guidance ▪ Commissions track developments in EU and Energy Community regulatory policies
<p>Task Order VI(A)(6)</p> <p>Develop secondary legislation to provide legal basis for operation of regulatory bodies</p>	<ul style="list-style-type: none"> ▪ Assisted and advised all three regulatory commissions in development of their Statuts (by-laws), to further define corporate authorities and internal operations, and enable corporate filings ▪ Assisted and advised on the Rules of Work for all three commissions, which defined the organization of each and set forth the basic human resources policies. ▪ Determined with the U.S. Treasury consultant for the State Ministry of Treasury that, at least initially, SERC did not have the status of a traditional "state institution," would not be connected to the FIMS (financial information management system) of the State Government for budgeting purposes. ▪ Determined with the head of the Civil Service Board that the employees of SERC would not be classified as civil servants and should be dealt with in the SERC Rules of Work ▪ Presentation to the joint Transmission Company working groups on ownership structure of new Transmission Company 	Completed	<ul style="list-style-type: none"> ▪ The three regulatory commissions had a solid legal foundation for operation as independent bodies in Bosnia and Herzegovina, in accordance with BiH law: <ul style="list-style-type: none"> - Each Commission issued its statute (by-laws); - Each Commission issued its Rules of Work

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
<p>Task Order VI(A)(5)</p> <p>Define structure, staffing and operations of regulatory bodies (organizational and staffing plans)</p>	<ul style="list-style-type: none"> ▪ The formation, scope, authority, responsibilities, independence, and mission of the SERC, FERC, and RSERC are defined in their respective Electricity Laws ▪ Advised Entity and State governments in nomination the SERC commissioners, although the confirmation process was delayed pending the 2002 elections and forming of the new governments ▪ Advised on nomination and confirmation process of Entity Commissioners ▪ Held organizational meetings with the new commissions and suggested a series of formation tasks. ▪ Developed draft organizational chart and job descriptions for all three commissions ▪ Provided training to commissioners on alternative organizational designs, and ongoing design improvements ▪ Developed initial suggested budgets for all three commissions and supported commissions in final budget development. ▪ Assisted Entity Commissions in obtaining approval of budgets by their respective Parliaments, in conflicted proceedings. ▪ Assisted all three commissions in invoicing and obtaining regulatory fees for commission operations from all three EPs. ▪ Assisted all three commissions in interviewing for all positions, attending interviews and participation in candidate selection. ▪ Worked with FERC with regard to appropriate levels of pay and the use of Commission vehicles. ▪ Provided memorandum on communication flow in managing a regulatory commission and division of responsibilities between commissioners versus Staff, at SERC's request. ▪ Advised FERC legal department with regard to responding to a procurement complaint and a hiring complaint. ▪ Worked with Treasury Ministry representatives concerning application of new State Law on Financing Institutions to SERC, and confirmed that the provision on "sweep" provisions, whereby the Ministry could redistribute funds in the budget whenever there is a need, were not intended to apply to commission budgets, and identified this as future clarifying amendment need for SERC. 	Completed	<p>SERC, FERC, and RSERC commissioners were appointed through complex appointment process</p> <p>SERC, FERC and RSERC hired full staff and commenced operations in appropriate manner</p> <p>SERC, FERC, and RSERC established budget procedures consistent with applicable laws and received Parliamentary approval of budgets</p>
<p>Task Order VI(A)(7)</p> <p>Develop regulatory procedures for ongoing</p>	<ul style="list-style-type: none"> ▪ Designed protocol for commission hearings enabling public participation within efficient meeting structure. ▪ Drafted Codes of Ethics for all three commissions, later adopted by Commissions. ▪ Drafted Procedural Rules for all three commissions and supported Commissions in their first collective attempt to harmonize three sets of commission rules, all while adhering to requirements of three separate Administrative Procedure Laws, including a collective drafting session for the three legal departments. 	Completed	<p>SERC, FERC, and RSERC adopted Rules of Procedure and Hearing Rules that provide for transparent proceedings and decisions, open to public participation, while ensuring efficient agency operations</p> <p>SERC, FERC and RSERC adopt Confidentiality</p>

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
operations	<ul style="list-style-type: none"> ▪ Tutorials in each Commission with Commissioners and staff on implementation of Rules of Procedure, with detailed planning for first rule hearings and license procedures. ▪ Drafted Arbitration Rules for SERC that provided for international arbitration and automatic referral to arbitration in the event of deadlock or non-action by Commissioners. ▪ SERC, FERC and RSERC held public sessions to adopt proposed rules, and the public hearings to take public comment on rules, with public session decision adopting rule adoption and accompanying statement of rationale, published in Official Gazette, setting template for later rule proceedings ▪ Drafted a harmonized Rule on Hearings in order to create standardized hearings procedures in all three Commissions, with participation of Commission legal departments. ▪ Advice and support to SERC, RSERC and FERC through rulemaking proceeding on Rules on Hearings, assuring harmonization of rules among Commissions to ensure simplicity for regulated community ▪ Training and advice to Commissions In adopting Confidentiality Rules 		<p>Rules to protect proprietary business information, while ensuring adequate information for decision-maker and public.</p> <p>SERC, FERC, and RSERC adopt Code of Ethics</p> <p>SERC adopted Arbitration Rules to ensure resolution of deadlock in mandated SERC unanimous decision making process</p> <p>FERC adopted arbitration rules to resolve private disputes</p> <p>Three Commissions adopted temporary and standard term licenses in timely manner, with transparent public proceedings</p> <p>Three Commission regulatory proceedings are conducted in an open and transparent manner, with public notice and public participation, and documented in Commission docket and Official Gazettes</p> <p>With ongoing training support, Commissions adhere to the procedural rules, providing for transparent agency public proceedings</p>
<p>Task Order VI(A)(8) and Modified Task Order Task 4</p> <p>Provide support and training to Commissions in drafting</p>	<ul style="list-style-type: none"> ▪ The procedural rules are designated in a previous task. See Objective 2: Effective institutional capacity, Task 2: Develop regulatory procedures for operation. ▪ Advised all three commissions on the necessity of well-developed and transparent regulatory procedures. None were initially comfortable with transparent decision-making; however, all implemented transparent procedures and became comfortable with them. ▪ Extensive and detailed training on implementation of the procedural rules, with tutorials for Commissioners and staff on planning and conduct of rule making and license hearings, in light of their lack of familiarity with transparent proceedings ▪ Assistance to SERC in ruling on ZEK request for approval of a complex Cross-Border Agreement, as well as requiring additional information in order to enable informed regulator decision making. 	Completed	<p>SERC, FERC and RSERC each adopted</p> <p>Code of Ethics</p> <p>Rules of Practice and Procedure</p> <p>Hearing Rules</p> <p>License Rules</p> <p>Tariff Methodology Rules</p> <p>Third Party Access Rules</p> <p>Confidential Information Rules</p>

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
<p>secondary legislation and developing initial regulatory programs in core competency areas</p>	<ul style="list-style-type: none"> ▪ Advice to SERC on draft of temporary SERC license rule and license conditions to ensure effective regulatory oversight. ▪ Drafted a harmonized draft license rule for use by all three Commissions, with legal counsel working group participation. ▪ Worked with three commission legal departments to develop a recommendation that the license and hearing rules should be conformed to the applicable Law on Administrative Procedures, except where the special Law on Electricity requires a different provision, thereby minimizing the risk of future judicial challenge. ▪ SERC, RSERC and FERC adopted a License Rule after public hearing and comment ▪ Advised all three commissions on final harmonization of international trade, Public Service Obligations and suppliers of last resort and organized workshops to encourage staff consultations on harmonization ▪ Commented upon initial drafts of Commission licenses for generation, transmission, ISO, distribution, supply, international trade, for both temporary and standard term licenses ▪ Extensive training and consultation with SERC, RSERC, and FERC on tariff methodology and design, and support to Commissions in adoption of three Tariff Methodology rules, including two-week formal workshop and numerous hands-on training at each Commission. Commissioners and staff were trained in microeconomics, revenue requirements, functional separation and unbundling, finance review, load research, marginal costs to tariffs, and tariff design. The training included assignments of exercises with each training module, including actual modeling problems and building filing requirements for tariff applications. In the second week of training, the commissions developed their own tariff analytical models, with the trainers giving hands-on assistance. ▪ Commented upon FERC Presiding Officer Reports on inter-company exchange, generation, distribution and supply. ▪ Provided a legal opinion with regard to whether the Public Procurement Law preempted the FERC Rule on Tariff Methodology provision that mandates that tariff customers be served in the Federation prior to exports, finding the laws were not in conflict. ▪ Organized and facilitated joint commission meetings on harmonization of tariffs and tariff rule issuance dates. ▪ Assisted in the drafting, harmonization, and adoption of three Commission Hearing Rules, with adaptations for unique provisions in Entity electricity laws ▪ Assisted in the drafting of the implementing rules for FERC's unique Electricity Law arbitration rules, requiring FERC arbitration of consenting parties' disputes ▪ Developed a draft Eligible Producer Rule (a rule on awarding the status of an eligible producer to those that provide electricity from specific renewable resources) as required by the Entity electricity laws. Advised the two entity commissions on the complexity of tariff methodology for eligible producers because they typically h, with advice on related tariff methodology issues on preferential 		<p>In addition, SERC adopted rules on: Simplified procedures for eligible customer international trade license Interim Transmission, ISO, and International Trade Licenses Arbitration</p> <p>SERC issued Decisions on: Cross border trade License and regulatory fees Data submission for tariff proceedings Manner for determining interim tariffs for transmission and ISO Interim and annual tariffs Issuance of interim and standard term licenses with quality of service, accounting and monitoring requirements Scope, conditions and timing of market opening Approval of Market Rules and Grid Code</p> <p>In addition, FERC adopted rule on arbitration of private disputes</p> <p>FERC issued Decisions on: License and Regulatory Fees Annual Tariffs Initial and Standard Term licenses with quality of service, accounting and monitoring requirements</p> <p>RSERC issued Decisions on Setting Tariff Rates for Non-eligible Customers Determining Price at Outlet of Plant</p>

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<p>dispatch and pricing</p> <ul style="list-style-type: none"> ▪ Extensive facilitation to enable SERC commissioners to reach unanimous agreement on a Preliminary Decision on an Interim Transmission Company Tariff in December, 2005 and assistance to FERC on inter-company exchanges ▪ Assisted SERC commissioners to come to a unanimous decision to assess a temporary transmission tariff on declared exports to make up for a decrease in CBT revenue and to lower the overall transmission tariff for domestic consumers. SERC issued its final 2006 tariff decision on March 21, 2006. ▪ Drafted Note clarifying and elaborating on the SERC tariff decision, which was posted on the SERC's web site. ▪ FERC adopted generation, distribution and supply tariffs that increased households for EP HZHB by 6.58%, commercial by 11.13% and industrials by 19.48% for an average 13% increase. For EP BiH, households were increased 5.77%, commercial by 10.43% and industrials by 10.19%, for an average increase of 2.8%. ▪ RSERC formed an audit team in response to press reports alleging that two distribution companies were improperly measuring electricity and over-billing customers. A number of irregularities were found by RSERC, licensees were reprimanded and ordered to correct their bills and perform other corrective action. ▪ Commented extensively on the final RSERC Presiding Officers Reports so that they could be adopted by the Commission. ▪ Commented on the FERC proposed licenses for hydropower generation. ▪ Commented on the combined RSERC and FERC draft of the Eligible Customer Rules. ▪ Commented on SERC's Market Opening Decision, which was subsequently issued by SERC. ▪ Commented on RSERC's General Conditions of Supply provision on connection cost. While the provision did not calculate actual connection costs, they more precisely provided what a new customer would pay to connect to the network. ▪ Advised FERC and RSERC regarding their strategy for a Technical Hearing on the Eligible Customer Rule. ▪ Coordination of commissions license programs in connection with SERC's adoption of Simplified Licensing Procedure for International Trade, and subsequent issuance of international trade licenses for the three EPs and a trader, EFT ▪ Advice to FERC in its second round tariff proceeding, when FERC mandated EP compliance with Public Procurement Law, rather than prior FERC action to mandate ad inter-company exchange tariff ▪ Provided draft Uniform System of Accounts and Chart of Accounts templates for Commissions, and provided extensive training in financial accounting program to provide sufficient regulatory oversight of EP operations. 		

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<ul style="list-style-type: none"> ▪ Facilitated Commission joint sessions to resolve deadlock in Uniform System of Accounts rule development caused by inconsistencies among BiH Entity and State Accounting Laws, resulting in successful shared-work project of Commission staff to draft BiH-tailored Chart of Accounts draft rule. 		
<p>Task Order VI(A)(9)</p> <p>Advise and support regulators and staff in privatization process</p>	<ul style="list-style-type: none"> ▪ Reviewed privatization options with Legal Working Group during Transmission Law development ▪ Transmission Law enacted by Parliament provides for potential privatization by Entity-owned Company, but only after shareholder vote and after initial ten years of operation ▪ Ongoing advice and hands-on training to SERC during unbundling of Transmission Company assets from Entity-owed utilities ▪ Ongoing advice to Entity Commissions in review of State-owned utility plans for accounting and functional unbundling needed for eventual privatization (controlled by Entity Action Plans, developed under separate project) 	N/A	<p>Because Entity Action Plans failed to provide for privatization, there was limited substantive work in this area</p> <p>Transmission Law anticipates potential privatization after 10 years</p> <p>Assisted Entity Commissions to plan requirements for accounting and functional unbundling, necessary precursors to privatization</p>
<p>Task Order VI(A)(10)</p> <p>Advise regulators, government officials, utility executives and international community on key issues</p>	<ul style="list-style-type: none"> ▪ Advised in detail all three commissions on the necessity of well-developed and transparent regulatory procedures. After ongoing advice and hands-on training, all consistently implemented transparent procedures. ▪ Advised SERC in some detail on the importance of the Code of Ethics, in particular the prohibition against the acceptance of gifts provision. ▪ Presented to the three regulatory commission staffs a presentation on the basic concepts involved in liberalization. ▪ Advised SERC with regard to need to insist on full information disclosure and regarding the ZEKC request for approval of application of the CBT mechanism, and additional information requirements post-decision. ▪ After the ISO law enactment, worked with OHR to facilitate ZEKC coordination of the resynchronization of the two networks in South East Europe. ▪ Multiple meetings with all three Commissions and facilitation of joint meetings in order to harmonize license rules. ▪ Advised FERC with regard to the government's pressure prior to FERC's first tariff proceeding to adopt Government Tariff Working Group's tariffs. Advised both FERC and the Federation Government that since FERC had not been involved in the preparation of the tariffs, FERC could not endorse or adopt them. ▪ Advised RSERC on the same issue and worked with the Commissioners on an amendment to the law to allow RSERC to avoid approving the Tariff Working Group tariffs. The National Assembly adopted the amendment to allow the Government to issue a new tariff system until RSERC met the stated deadline. ▪ Held numerous meetings with Tariff Departments and Commissioners of all three Commissions 	Completed	<p>All three Commissions issued timely rules and decisions on licenses and tariffs, relying upon ongoing consulting advice from project</p> <p>SERC issued a Decision governing BiH energy market opening</p> <p>Commissions were able to achieve harmonization of license and procedural and hearing rules, assuring consistency in license decisions and standardized procedures for regulated community</p> <p>Commissions issued tariff methodology rules and tariff decisions consistent with regional market and EU requirements</p>

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<p>advising on detailed questions on Rules on Tariff Methodology, including marginal cost and the evolution of a cost-based tariff formulation.</p> <ul style="list-style-type: none"> ▪ Advised FERC in numerous tariff strategy meetings prior to technical conferences, other hearings, and decisions. ▪ Held numerous facilitative meetings with the three commissions with regard to the interface of licenses, particularly supply licenses. SERC wanted one international trading license to be accepted by the Entity Commissions; however, the Entity Commissions decided that while the international trading license would be sufficient to move electricity cross-border, once inside BiH, then one of the Entity Commissions would be responsible for the regulation of supply. ▪ Urged SERC on several occasions to allow increased public participation and to avoid shortcutting the process. Also, advised with regard to the necessity of making decisions only in public sessions. ▪ Advised Entity Commissions with regard to fashioning a consumer complaint process. ▪ Advised FERC with regard to the application of the OHR inter-company exchange concept and the Procurement Law tender by EP HZHB for import quantities. Assisted in drafting a notification to OHR of a domestic preference provision to the Procurement Law rules issued by the Council of Ministers. Advised FERC and SERC as to whether the OHR Law on inter-company supply remained in effect and how it will be terminated. ▪ Advised all three commissions with regard to the issuance of transmission tariffs (and license) in the context of delayed formation of the Transmission Company, as well on all other tariff issues. ▪ Advised all commissions to post on their websites the applications for approval of tariffs, including the worksheets. ▪ Advised FERC with regard to conducting a transparent technical hearing that remained dignified and respectful to all participants, including Commissioners and Staff, but also provided needed information for informed decision making. ▪ Advised FERC with regard to requirement that EP HZHB's provide copies of its 2006 supply contracts. ▪ Advised RSERC tariff and legal departments with regard to the preparation of Presiding Officer Reports and improving the quality of Commission decision drafting. ▪ Extensively advised FERC with regard to the strong adverse Government, Parliament and media reaction to the tariff increases approved by FERC. At the end of Parliamentary hearings, the tariffs stood, the commissioners stayed in their jobs, and appropriate appeals were filed. ▪ The National Assembly delayed approving RSERC's budget. Advised to continue to work with National Assembly and, in the interim, issued a temporary decision requesting six months funding from EPRS based on the 2005 budget. ▪ Advised FERC with regard to the delay of Parliament in approving its budget, suggesting the same temporary decision requesting funding from the EPs based on the 2005 budget, but the commission was concerned about the Parliament's response. ▪ After Aluminij, an industrial customer, filed a complaint against FERC in the court alleging 		

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<p>discrimination in the tariff decision (its tariff was increased 26%, while the increase for households was only 5% and other consumers 15%), commented on FERC's legal department's response to the court order and drafted a Memorandum on issues</p> <ul style="list-style-type: none"> ▪ Drafted a Memorandum for USAID advising with regard to a House of Peoples member's proposed amendments to the Federation Electricity Law, determining that the proposed amendments would allow unacceptable political interference with FERC's functioning. Subsequently, met with the member and assisted USAID in drafting a letter with regard to political interference and explaining how Parliament can effectively oversee FERC operations without amendments. ▪ Advised the Entity commissioners and staff at length with regard to the provisions of the Eligible Customer Rules. ▪ Advised FERC with regard to the supply tender issues of EP HZHB. ▪ After Aluminij filed a complaint in court on SERC's tariff decision, advised SERC Legal Department on potential defenses ▪ Commented on the Energy Community Treaty road map drafted by the Community's Secretariat. ▪ Advised FERC with regard to managing the Tariff Department without Department Head, who was on medical leave. ▪ Advised FERC on response to letter from Federation Prime Minister instructing FERC to reinstate former Yugoslavia special customer status for Aluminij, a direct interference with FERC independent tariff setting responsibilities ▪ Facilitated FERC meeting with USAID public relations specialists to assist FERC in communicating its regulatory decisions to the public and the government accurately and effectively, and assist FERC in press releases ▪ Work with FERC to upgrade Tariff Methodology implementation in second tariff making proceeding on cost allocation on both energy and capacity ▪ Advised FERC on strategy to address tariff impacts of Aluminij's proposed major energy requirements increase ▪ Advised MOFTER and three Commissions on Energy Community Treaty questions and assisted MOFTER in completion of multiple reports to EnC committees. ▪ Ongoing advice and support to MOFTER on electricity and gas sector issues, as well as unification law strategy ▪ Provided RSERC with evaluation of last tariff proceeding, and advised that Commission performance was outstanding, and there were few needed upgrades. ▪ Organized three commission sessions at SERC's request to review tariff issues of general concern, including Aluminij, and facilitated discussion concerning shortfall, emphasizing for Commissioners that data reveals that there is a shortfall in Federation, and imports must be purchased, contributing to disparate RSERC and FERC tariffs. 		

Task II – Effective Institutional Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<ul style="list-style-type: none"> ▪ Facilitated discussions on supply service to The Brcko District in meeting organized by OHR and USAID, and discovered Brcko District plan to create fourth regulator for BiH ▪ Further briefing and training for the Brcko District representatives to describe potential costs and difficulties of fourth regulator for The Brcko District, and propose pragmatic short term solutions for the Brcko District supply, pending longer term legislative solutions ▪ Extensive meetings with USAID and OHR Sarajevo to review strategy for solutions to The Brcko Supply situation ▪ Advice to RS Ministry of Energy regarding compliance with Energy Community Treaty, and identified that the major objection to unification of regulators in BiH is that RS does not want to subsidize Federation expenses through uniform tariffs and wants to sell generation at market prices Recommendations to MOFTER to meet regularly with Entity Ministries in order to implement Energy Community Treaty 		
<p>Task Order Vi(A)(11)</p> <p>Prepare issue papers as training tools, topics of discussion, and information for public</p>	<ul style="list-style-type: none"> ▪ Drafted legal memorandum that SERC is a fully formed legal entity in BiH for the EPs and SERC members, to ensure payment of regulatory fees by the EPs. ▪ Prepared memorandum on tariffs for the participants in the tariff training. ▪ Drafted Concept Paper that set forth the basis of tariff marginal cost analysis and the rationale for the filing requirements and draft tariff procedural rules, including a draft technical regulation prescribing a tariff methodology to be issued for public comment. ▪ Detailed license workshops, with presentations and samples of licenses in English and local language, including on minimum requirements, content and standards of effective licenses, necessary reporting from regulated companies, and monitoring and enforcement. The training was in an intensive workshop format, where participants not only listened to lectures but also broke out into commission-specific sessions to revise a draft license template to ensure local legal requirements met, to assure standards that result in adequate regulation, and assuring effective monitoring and enforcement. ▪ A summary of the license training was prepared to address the issues that arose throughout the training. ▪ Drafted a note on rationale for merging supply and trade licenses into one supply license pursuant to the Federation Electricity Law. ▪ Drafted memorandum to resolve procedural obstacles to formation of Transmission Company ▪ Wrote issue papers concerning Brcko District regulatory issues, including pragmatic solutions available to resolve short term supply issues, and legislation to resolve long term regulatory oversight issues. ▪ Prepared White Paper on potential consequences of Parliament revoking FERC's tariff decision. ▪ Prepared presentations to Parliament concerning Transco and ISO laws, and concerning Gas Conference 	Completed	The three Commissions successfully adopted license and tariff rules and timely processed license and tariff applications

Task III –Strengthened Human Resource Capacity

Task Order Statement of Work	Deliverables	Status	Results
<p>Task Order VI(A)(12)</p> <p>Provide onsite, focused training on key regulatory issues</p>	<ul style="list-style-type: none"> ▪ Prior to formation of regulatory commissions, conducted workshops for sector participants on: <ul style="list-style-type: none"> - role of the regulator - appointing the regulator - commission organization chart and formation - communication by a regulator - market structures and the ISO - restructuring and challenges of regulation ▪ After formation of the regulatory commissions, conducted workshops and formal trainings on: <ul style="list-style-type: none"> - authority, autonomy and accountability - regulatory gaps and overlaps in the three laws - importance of adherence to the codes of ethics, emphasizing the changing notions of proper and improper expenditures, such as meals and transportation expenses. ▪ Provided intensive tariff training over two weeks for 42 commissioners and commission employees, covering microeconomics, revenue requirements, functional separation and unbundling, finance review, load research, marginal costs to tariffs, and tariff design. The training included assignments of exercises with each training module, including actual modeling problems and building filing requirements for tariff applications. In the second week of training, the commissions developed their own tariff analytical models, with the trainers giving hands-on assistance. The commissions were provided with much a marginal cost analysis model, along with detailed instruction on the calculation and a copy of the NARUC <i>Electricity Cost Allocation Manual</i>, with the permission of NARUC. <p>During the next month, the trainers returned or another full week of training, working with the Commissions one-on-one on revenue requirements, calculation of return, marginal cost analysis and rate design.</p> ▪ Provided a three-day licensing training for 34 commissioners and commission employees on theory and practice of licensing activities, including minimum requirements, content and standards, necessary reporting, and monitoring and enforcement. The training was in an intensive workshop format, with lecture and participant break-out sessions on commission-specific basis to revise a draft license template consistent with local legal requirements and assure effective monitoring and enforcement. ▪ Designed Terms of Reference for and assisted in organization of a one-week field regulatory training with E-Control of Austria in Vienna for the three regulatory commission staff. ▪ In a joint meeting of all three commissions with regard to FERC’s licensing rule issues, determined solutions requiring mutual cooperation, such as when a licensee of one entity commission misbehaves in the other entity and the requirement of legal unbundling from the distribution company by a trading arm. ▪ Provided a full day licensing training to the three commissions in an effort to address advanced license regulatory issues, such as alignment of international and domestic trade licenses and cooperation among Commissions in each phase of the licensing process. Reviewed gaps and overlaps in licensing jurisdiction 	<p>Completed</p>	<p>The electricity regulatory commissions were fully trained large and small group training sessions on all key regulatory issues, in particular the procedural issues, so that they were able to independently function at the conclusion of the project.</p>

Task III –Strengthened Human Resource Capacity

Task Order Statement of Work	Deliverables	Status	Results
	<p>under the three electricity laws, recommended provisions for harmonization, addressed monitoring and enforcement. Issues, international trader license requirements, low cost power for the domestic market, coordination of the licensing process, and schedule for Entity accounting unbundling.</p> <ul style="list-style-type: none"> ▪ Provided two-day training for all three commissions with regard to application of the tariff methodology to tariff, focusing on the transition period and how to reason through the anticipated lack of information. ▪ Provided, through Commissions, a training for EPs, providing a model of utility business operation for utility companies undergoing restructuring in a new regulatory environment. ▪ Conducted an intensive two-day workshop for the three Commissions regarding the formal hearings process, with attention to the intervener process. ▪ Conducted judicial training for appeals judges to whom decisions would be appealed from the Commissions, which included substantive and procedural issues the judges are likely to confront. ▪ Conducted training on licensing obligation monitoring and enforcement for all commissioners and staff ▪ Conducted training on third party access for all commissioners and staff and recommended development of separate third party access rule consistent with Energy Community Treaty Roadmap, as well rule importance in countering market power issues 		
<p>Task Order VI(A)(13)</p> <p>Support regulator and staff participation in selected international meetings/ conferences</p>	<ul style="list-style-type: none"> ▪ Throughout project, advised USAID and three Commissions on representation of BiH and three Commissions in international meetings, with representation through SERC, and information sharing for Entity Commissions ▪ Assisted and advised the Bosnia attendees at the 3rd Athens Forum to prepare for a presentation on country statistics at an associated IEA meeting, and arranged for DGTREN meeting with BiH. ▪ SERC was accepted as a member of ERRA. Assisted SERC in preparing two presentations to the attendees. Also arranged meetings for SERC commissioners with other regulators at the conference. ▪ Drafted a correction to CEER (the Athens process) minutes that incorrectly stated BiH would not participate in the CBT process. ▪ Assisted SERC Commissioner Salkic in preparation of a presentation to the CEER regulators meeting during Athens Energy Week in June, 2004. ▪ Assisted USAID and MOFTER to assemble a Working Group on the ECSEE Treaty for the purpose of gathering comments on the draft Treaty. After input from the Working Group, created and distributed an analysis of the draft, along with draft comments based on concerns articulated in the meeting. ▪ Assisted ERRA to clarify the requirements for membership, since only SERC represents BiH in the ERRA, and FERC and RSERC wanted to join as well. ▪ Attended most Athens forums with representatives of BiH and assisted with preparation therefor and participation while in attendance. ▪ Attended the ERRA Market Monitoring Workshop and Athens regional process mini-forum along with Staff of SERC, FERC and RSERC. 	Completed	<ul style="list-style-type: none"> ▪ Resolved conflict among Commissions concerning BiH representation in international conferences and repeatedly reinforced that solution throughout the project ▪ SERC able to participate in ERRA and the Athens and Energy Community process appropriately as the BiH representative. ▪ Arranged observer role for Entity Commissions, as needed on issues under their jurisdiction, in ERRA Committee meetings

Task IV –Task Order Modification Objectives

Task Order Statement of Work	Deliverables	Status	Results
<p>Modified Task Order Additional Task 1</p> <p>Unify the existing three electricity sector regulators (State Electricity Regulatory Commission, Federation Electricity Regulatory Commission, and the Republika Srpska Electricity Regulatory Commission) into a regulator that operates in a coordinated competent, and transparent manner and presides over an integrated market.</p>	<ul style="list-style-type: none"> ▪ Continuous support and consultations throughout project encouraging three commissions to harmonize their work in order to minimize regulatory confusion and conflicts for the BiH market participants ▪ Analysis of the three electricity laws to identify areas of commission gaps and overlaps ▪ Work with DGTren and other International Community Donors with regard to the market design issues, resulting in DGTREN conclusion that one regulator is preferable in BiH. ▪ Developed draft plan for unification of the regulator ▪ In a Donors' Coordination Meeting in Vienna, presented a plan for unification of regulator and responded to donor questions, with result that the EC decided to support unification and USAID's proposal. ▪ Wrote an issues paper on the problems inherent in three regulators, summarizing regulatory gaps and overlaps, uncertainty for potential investors, and possible contradictory rulings ▪ Hosted two meetings to discuss unification of the commissions: first with SERC and then with all three commissions. The RSERC objected, stating that the EU Directive allowed for multiple regulators. ▪ Drafted an outline of a law to unify regulator and electricity provisions and proposed alternative unified commission structures for MOFTER. 	Pending	<ul style="list-style-type: none"> ▪ All three Commissions are trained to cooperate to address gaps and overlaps in jurisdiction to achieve "virtual" unification through coordinated regulatory oversight of the sector in the short term ▪ The need for unification of the regulators was acknowledged by the International Community and the requirement was made part of the conditions for the EU SAA agreement. ▪ All three Commissions and governments are aware of the issue. ▪ Concept, strategy, and outline of unification law provided to USAID for use in future, when International Community is prepared to press for legislation to unify three Commissions
<p>Modified Task Order Additional Task 2</p> <p>Assure transition to a fully functional ISO by ensuring that SERC approves the appropriate commercial codes and grid codes and approves viable transmission tariffs for both the ISO and Transmission Company.</p>	<ul style="list-style-type: none"> ▪ Advised SERC with regard to the confusion about whether the ISO had made changes to the Grid Code after approval by the Technical Committee and before filing with SERC, confirming that the version of the Grid Code received by SERC was the version approved by the Technical Committee. ▪ SERC approved the Market Rules and Grid Code as submitted by the ISO and its Technical Committee. 	Completed	<ul style="list-style-type: none"> ▪ SERC issued initial and permanent license to ISO ▪ SERC approved viable initial and first annual tariffs for ISO and Transmission Company ▪ SERC approved the Grid Code and Market Rules proposed by ISO
<p>Modified Task Order Additional Task 3</p> <p>Assure that the regulator has adopted regulatory procedures to assure a transparent and competent regulatory</p>	<p>See Contract VI(A)(7) (regulatory framework for ongoing operations) and Contract VI(A)(8) (develop regulatory programs in core competency areas) above</p>	Completed	<p>All three commissions adopted and implemented a set of regulatory procedures that ensured transparent proceedings, clear criteria for decisions, and documented rationale for decisions, consistent with the EU requirements, creating</p>

Task IV –Task Order Modification Objectives

Task Order Statement of Work	Deliverables	Status	Results
<p>process that is both consistent with the EU requirements and attractive to international investment.</p>			<p>attractive environment for international investment.</p> <p>The commissions received extensive training and support for core competencies and are able to operate independently with basic regulatory competence and with key secondary legislation in place.</p>
<p>Modified Task Order Additional Task 4</p> <p>Provide training and support the regulators in drafting secondary legislation and in developing regulatory programs in core competency areas</p>	<p>See Contract VI(A)(8) above</p>	<p>Completed</p>	<ul style="list-style-type: none"> ▪ See Contract VI(A)(8) above

APPENDIX B

SUMMARY OF PROJECT ACHIEVEMENTS

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
Sound Laws	<ul style="list-style-type: none"> As part of energy law process, worked with industry participants on energy sector policy statements; appointment and removal process for commissioners; the structure, ownership and formation of the single transmission company; the scope of trade and market development at the State level; the locations of SERC, the ISO and the Transmission Company; and a cooperation agreement between the Entities. The law was fashioned as a compromise on the division of roles between State and Entity Commissions. Enactment of the State Act on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (State Electricity Law), was landmark legislation for 	<ul style="list-style-type: none"> Prepared revisions to draft Transmission Company Law. Revised draft ISO Law patterned on the Transmission Law. OHR submitted both the Transco Law and ISO law as a package to the President of the Council of Ministers. Prepared lobby material for the Transco and ISO laws, including law summaries, timeline, flowchart of Transco powers, and presentation to Parliamentary Assembly leaders. Prepared presentation and press hand-outs on benefits of restructuring and privatization for press conference arranged by the American Embassy in Banja Luka. Organized and drafted talking points and hand outs for OHR Roundtable sponsored by USAID on benefits 	<ul style="list-style-type: none"> Incorporated International Donor community comments into Transco and ISO laws, including EBRD request for joint and several liability of EPs and ISO for outstanding EBRD loans on the SCADA/EMS system, to be transferred to the new ISO. EBRD also made full ISO ownership of all equipment related to the SCADA/EMS a loan condition. Both the Transco and ISO laws were forwarded to MOFTER, which in turn submitted the laws to the Council of Ministers. Coordinated harmonization of three different State and Entity Ministry positions on the cut-off point between transmission and generation in the laws. The Council of Ministers adopted the 	<ul style="list-style-type: none"> Developed and submitted draft scope of work for a natural gas law with a tentative timeline. Wrote legal opinion to facilitate prompt implementation of ISO law, explaining that the ISO could be registered before the accomplishment of other tasks referenced in the law. 	<ul style="list-style-type: none"> Drafted proposed prime ministers agreement endorsing development of a State gas law and unification of the regulators. At request of OHR, submitted analysis of RS draft gas law that proposed to create yet another regulator for oil and gas. Drafted Gas Law, incorporating revisions by MOFTER, which circulated the draft law to Gas Law Working Group. Wrote legal opinion regarding the transfer of assets, liabilities and employees to the Transco from the three EPs by operation of law, enabling the Government to nominate a replacement Independent Member. 	<ul style="list-style-type: none"> Researched international best practices on the migration of customer classes to eligible customer status and methods allowed for election of the status during transition periods, with a focus on EU-approved countries and extensive tutorials with Commissions re same. Researched and provided USAID with options for supply to the Brcko District based upon State and Entity Laws, with options for amendments to address regulation of the Brcko District.

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
	<p>post-conflict BiH: the first significant State-level legislation enacted by the BiH Parliament, following agreement of Entity and State Prime Ministers, without imposition by OHR.</p> <ul style="list-style-type: none"> ▪ Drafted and worked to support enactment of the Federation Law on Electric Power, completed on July 31, 2002, published in the FBiH Official Gazette, No. 41/02. ▪ Drafted and commented extensively on changes prior to enactment of the Republika Srpska Electric Power Law by the National Assembly in September, 2002 and published in the RS Official Gazette No. 6/02. ▪ Drafted initial version of Transmission Company Law; coordinated review by the stakeholders. ▪ Drafted initial version of ISO law and participated in enactment process. Facilitated agreement among consultants working on: (i) market design; (ii) Board membership; and 	<p>of restructuring and privatization. The workshop was chaired by Ambassador Don Hayes and attended by many high level government participants, as well as International Donor representatives.</p>	<p>Transco and ISO laws on 10-30-03.</p> <ul style="list-style-type: none"> ▪ Prepared numerous lobby materials for the Transco and ISO laws, including law summaries. ▪ Attended Parliamentary Committee meetings to work with proposed amendments to the laws. ▪ Assisted ZEK (the ISO predecessor) and SERC in responding to Parliamentary amendments proposing to relocate headquarters to Mostar. ▪ Worked with House of Representatives to incorporate amendments as agreed. The Transmission Company Law and ISO Law were adopted by both Houses of Parliament in May, 2004. ▪ Assisted and advised all three regulatory commissions to develop their Statutes (by-laws), establishing corporate governance requirements and enabling mandatory statutory filings. ▪ Assisted and advised 			

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
	(iii) need for a Market Rules advisory group.		<p>on the Rules of Work for all three commissions, which defined the organization of each and set forth human resources policies.</p> <ul style="list-style-type: none"> ▪ Emphasized in multiple meetings and presentations (such as a workshop on "The Regulator's Greatest Challenge") that the commissions must be accountable through public and transparent proceedings, independent from political and regulated company influence, and must issue reasoned decisions and abide by own rules. 			

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
Effective Institutional Capacity	<ul style="list-style-type: none"> ▪ Worked with Entity governments to nominate the SERC commissioners; once nominated, the confirmation process was delayed pending 2002 election results and formation of new governments. 	<ul style="list-style-type: none"> ▪ Prepared draft budget and organizational chart for SERC. ▪ Determined with the U.S. Treasury consultant for the State Ministry of Treasury that, at least initially, SERC did not have the status of a traditional “state institution,” and would not be connected to the FIMS (financial information management system) of the State Government. ▪ Determined with the head of the Civil Service Board that the employees of SERC would not be classified as civil servants and should be dealt with in the SERC Rules of Work. 	<ul style="list-style-type: none"> ▪ Held organization meetings with the new commissions and suggested a series of formation tasks. ▪ Developed the first drafts of organizational charts and job descriptions for all three commissions. ▪ Devised compromise to SERC disagreement regarding labeling positions by ethnic group. ▪ Developed initial suggested budgets for all three commissions. ▪ Supported and assisted in the SERC obtaining financing from the three EPs for formation, facilitated by the agreement to issue temporary licenses. Each was billed with a pre-invoice for 1/3 of the formation costs. ▪ Assisted all three commissions in hiring all staff positions. ▪ Designed public access/ public comment protocol for commission hearings that would permit public participation but also ensure that the 	<ul style="list-style-type: none"> ▪ After the ISO law went into force, worked with OHR to support ZEKC to coordinate the resynchronization of the two networks in South East Europe ▪ Assisted the three Commissions in implementation of Rules of Procedure ▪ Provided detailed tutorials in each Commission on how public proceedings should be conducted, how closed sessions for confidential information should be limited, and other details of the mechanics of procedures ▪ Prepared memorandum on tariffs for participants in the tariff training. ▪ Prepared Concept Paper for each Commission that set forth the basis of tariff marginal cost analysis and the rationale for the filing requirements and draft tariff procedural rules. ▪ Conducted in-depth licensing training workshop. ▪ Worked with FERC with 	<ul style="list-style-type: none"> ▪ Advised entity commissions with regard to designing consumer complaint process. ▪ Advised FERC on application of the OHR inter-company exchange concept and the Procurement Law tender by EP HZHB for imports. ▪ Assisted in drafting a notification to OHR of a domestic preference provision to the Procurement Law rules. ▪ Advised all three commissions with regard to issuance of transmission tariffs (and license) in context of delayed formation of the Transco. ▪ Advised commissions to post on their websites the applications for approval of tariffs, including worksheets. ▪ Advised FERC with regard to conducting transparent technical hearings. ▪ Advised SERC with regard to necessity of making decisions only in public sessions. ▪ Organized and facilitated joint 	<ul style="list-style-type: none"> ▪ Advised FERC with regard to managing the Tariff Department without the Head of Tariffs, who went on extended medical leave, and eligible customer status.

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
			<p>meetings were efficient.</p> <ul style="list-style-type: none"> ▪ Drafted Codes of Ethics for all three regulatory commissions. ▪ Drafted the SERC Arbitration Rules. ▪ Drafted initial procedural rules for all three commissions. Facilitated the accommodation of the rules to the BiH administrative law process and harmonization across the three commissions. ▪ Revised a first draft of temporary license conditions written by SERC commissioner to ensure assertion of SERC jurisdiction over the licensee and define the regulatory relationship. ▪ Drafted legal memorandum on SERC's status as legal entity in BiH to ensure payment of regulatory fees by the EPs with no objection. ▪ Assisted RSERC with budgetary approval by RS Parliament. ▪ Advised RSERC as to the essential formation 	<p>regard to appropriate levels of pay and the use of Commission vehicles.</p> <ul style="list-style-type: none"> ▪ For SERC, drafted a memorandum on communication flow in managing a regulatory commission to assist in understanding the commissioner role versus that of the Staff. ▪ Advised FERC legal department with regard to responding to a procurement complaint and a hiring complaint. ▪ SERC held its first public regular session, in which it adopted the draft Rules of Procedure and Arbitration Rules for public comment, and FERC and RSERC both adopted their Rules of Procedure for public comment. Thereafter, it held its first general hearings in four cities for public comments. ▪ FERC held its first public regular session and adopted the draft Rules of Procedure and summary of the Rules requesting public comments. FERC held its first public general hearings for comment. 	<p>commission meetings to coordinate the harmonization of tariffs and to ensure coordination of the issuance dates.</p> <ul style="list-style-type: none"> ▪ Extensive advice to FERC on the public, political and media reaction to tariff increases. ▪ After National Assembly delayed approving RSERC's budget, advised continued work with National Assembly and, in interim, issued temporary decision requesting six months funding from EPRS. ▪ Advised FERC with regard to the delay of Parliament in approving its budget, suggesting the same temporary decision requesting funding from the EPs based on the 2005 budget, but FERC was concerned about the Parliament's response. ▪ Prepared White Paper on consequences of the Federation Parliament revoking FERC's tariff decision. ▪ After Aluminij, an industrial customer, filed a complaint 	

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			<p>steps.</p> <ul style="list-style-type: none"> ▪ Advised FERC with regard to a number of initial difficulties and delays in formation. ▪ The Federation Parliament adopted FERC's statute and budget with little change. ▪ Worked with FERC in complying with its Code of Ethics with regard to the use of Commission cars and appropriate levels of pay and Staff bonuses. ▪ Submitted extensive comments on the ZEKC draft for its Request for Approval of the CBT Agreement. ▪ Upon receipt of an incomplete report from ZEKC on CBT, advised SERC to issue discovery request for full information. 	<ul style="list-style-type: none"> ▪ RSERC held its first regular session and adopted the Rules of Procedure and Statement of Rationale. ▪ Presentation to the three regulatory commission staffs on basic concepts of liberalization. ▪ Drafted a harmonized Rule on Hearings in order to create standardized hearings procedures in all three Commissions. ▪ SERC, FERC and RSERC issued Rules on Public Hearings for public comment in December 2004. ▪ Advised FERC concerning government's pressure to approve or accede to the Government Tariff Working Group's tariffs. ▪ Advised and worked with the RSERC Commissioners on an amendment to the law to allow RSERC to avoid approving the Tariff Working Group tariffs. The National Assembly adopted the amendment to issue a new tariff system until RSERC met the stated deadline. 	<p>against FERC in the court alleging discrimination in the tariff decision (its tariff was increased 26%, while the increase for households was only 5% and other consumers 15%), commented on FERC's legal department's response to the court order.</p> <ul style="list-style-type: none"> ▪ Drafted Memorandum for USAID regarding House of Peoples proposed amendments to the Federation Electricity Law, concluding that the proposed amendments would allow inappropriate political interference with FERC's functioning. Subsequently, met with the sponsor and assisted USAID in drafting a letter with regard to political interference. ▪ Advised Entity commissioners and staff on Eligible Customer Rules. ▪ Advised FERC with regard to the supply tender issues of EP HZHB. 	

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
				<ul style="list-style-type: none"> ▪ Held numerous meetings with Tariff Departments and Commissioners of all three Commissions on detailed questions on Rules on Tariff Methodology. ▪ Wrote issue paper concerning the Brcko District's not being under any formal regulatory authority, although EPRS provides distribution service. ▪ Met with the advisor to the Treasury to determine how the new State Law on Financing Institutions would apply to SERC. ▪ Participated in numerous strategy meetings with FERC prior to tariff technical conferences, other hearings, and decisions. 	<ul style="list-style-type: none"> ▪ Aluminij filed a complaint in court on SERC's tariff decision. Advised the SERC with regard to the structuring response. ▪ Commented on the Energy Community Treaty road map drafted by the Community's Secretariat. 	

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Strengthened Human Resource Capacity	<ul style="list-style-type: none"> ▪ Prior to formation of commissions, organized and conducted following workshops for sector participants: <ul style="list-style-type: none"> - "Role of the Regulator," addressing regulatory duties, importance of independence, draft electricity law, privatization goals. - "Appointing the Regulator," addressing the role of a regulator and the required skills. - "SERC Organization," addressing structure and budget issues. - "Public Access and Public Information," addressing transparent regulatory procedures. - "Worldwide Market Structures," addressing the ISO and its regulation. 	<ul style="list-style-type: none"> - Gave presentation to a joint meeting of the Transco working groups on stock ownership, clarifying that Entity ownership does not mean a continuation of the status quo. 	<ul style="list-style-type: none"> ▪ Conducted workshops and formal trainings on: <ul style="list-style-type: none"> - authority, autonomy and accountability - regulatory gaps and overlaps in the three laws - importance of adherence to the codes of ethics. ▪ Advised all three commissions on transparent regulatory procedures. ▪ Assisted SERC Commissioner in preparation of presentation to CEER meeting during Athens Energy Week in June 2004. 	<ul style="list-style-type: none"> ▪ Provided intensive tariff training over two weeks for 42 commissioners and commission employees ▪ During the next month, the trainers returned to conduct additional training for another full week, working with the Commissions one-on-one on revenue requirements, calculation of return, marginal cost analysis and rate design. ▪ Provided a three-day licensing training for 34 commissioners and commission employees on the theory and practice of licensing activities. ▪ Designed Terms of Reference for and assisted in organization of one-week field regulatory training with E-Control of Austria in Vienna for the three regulatory commission staff (Heads of Department and Chiefs of Staff). ▪ Assisted USAID and MOFTER to assemble a Working Group on the ECSEE Treaty for the purpose of gathering 	<ul style="list-style-type: none"> ▪ Throughout project, made diligent efforts to encourage and support the three commissions harmonize their work to minimize the potential disruption to the BiH market of having three different regulatory commissions. ▪ Conducted an intensive two-day workshop for the three Commissions regarding the formal hearings process. Focused the training on the intervener process. ▪ Conducted judicial training for appeals judges to whom decisions would be appealed from the Commissions, which included substantive and procedural issues the judges are likely to confront. ▪ Attended the ERRA Market Monitoring Workshop and Athens regional process mini-forum along with Staff of SERC, FERC and RSERC. ▪ Conducted training on licensing obligations, 	<ul style="list-style-type: none"> ▪ Provided a three-day training workshop on issuance of final licenses and protection of customers in market opening to more than 45 participants from all three commissions.

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
				<p>comments on the draft Treaty.</p> <ul style="list-style-type: none"> ▪ Met with all three Commissions to harmonize the license rule development process. ▪ Drafted note on rationale for merging supply and trade licenses pursuant to the Federation Electricity Law. ▪ Provided full day advanced licensing training to the three commissions on alignment of international and domestic trade licenses. ▪ Provided a two-day training for all three commissions on application of the tariff methodology to tariffs. ▪ Assisted ERRA to clarify the requirements for membership, since only SERC represents BiH in the ERRA. ▪ Attended most Athens forums with representatives of BiH and assisted with preparation and participation. 	<p>monitoring and enforcement.</p>	

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
Unify three existing regulators		<ul style="list-style-type: none"> ▪ Throughout project, made diligent efforts to encourage and support the three commissions harmonize their work to minimize the potential disruption to the BiH market of having three different regulatory commissions. ▪ After a side-by-side analysis of the State and two Entity electricity laws, determined that a market-fragmenting degree of regulatory gaps and overlaps exists. Concluded that the optimal solution is to collapse the Entity Commissions into SERC. If, however, that solution is not politically viable, then a secondary solution recommended amendment of all three electricity laws to shift responsibility for supply licensing to the SERC, except for regulated sales. ▪ Drafted position paper on unification solutions. ▪ Discussed market fragmentation with DG TREN of the EC, which expressed preference for only one regulatory commission in BiH. 	<ul style="list-style-type: none"> ▪ Wrote draft plan for unification of the regulator. ▪ In a Donors' Coordination Meeting in Vienna, presented plan to move to one regulator, to mixed reaction. The EC later approved proposal. 	<ul style="list-style-type: none"> ▪ Wrote an issues paper on the problems inherent in three regulators, summarizing regulatory gaps and overlaps. ▪ Hosted two meetings to discuss unification of the commissions: first with SERC and then with all three commissions. Resistance from the Entities (especially RSERC) continues. ▪ Drafted an outline of a law that combined the entity and state electricity laws and several alternative structures for a unified regulator for MOFTER. 	<ul style="list-style-type: none"> ▪ Continued advice to USAID, as requested, on unification options. 	<ul style="list-style-type: none"> ▪ Continued advice to USAID, as requested, on unification options.

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
Ensure SERC approves commercial codes, grid codes and ISO and Transmission Company tariffs				<ul style="list-style-type: none"> See summaries of SERC tariff training above Provided license training to SERC emphasizing need for license conditions to allocate responsibility to ISO for preparation of grid codes. 	<ul style="list-style-type: none"> Advised SERC with regard to rumored ISO changes to the Grid Code. SERC approved the Market Rules and Grid Code as submitted by the ISO and its Technical Committee. 	
Adoption of regulatory process consistent with EU requirements	<ul style="list-style-type: none"> The procedural rules are designated in a previous task. See Objective 2: Effective institutional capacity, Task 2: Develop regulatory procedures for operation. 					
Training and support in drafting secondary legislation and developing initial regulatory programs in core competency areas: including rules of procedure, generation, transmission, distribution licenses,	<ul style="list-style-type: none"> The procedural rules are designated in a previous task. See Objective 2: Effective institutional capacity, Task 2: Develop regulatory procedures for operation. 			<ul style="list-style-type: none"> Revised a first draft of temporary license rule and conditions to ensure assertion of SERC jurisdiction over the licensee and define the regulatory relationship over the term of the license. Drafted a harmonized draft license rule for use by all three Commissions. Advised the legal departments of the three commissions with regard to conforming license and hearing 	<ul style="list-style-type: none"> With regard to the entity eligible producer rule, suggested a capped tariff and other mechanisms to control potential costs. Exchanged comments on the draft ISO temporary license, which was thereafter adopted. Commented in detail on initial drafts of all 18 RSERC draft temporary licenses, which RSERC subsequently adopted. Commented upon 	<ul style="list-style-type: none"> SERC issued a Simplified Licensing Procedure for International Trade and also issued international trade licenses for the three EPs and a trader, EFT. RSERC adopted its Eligible Customer Rule, incorporating consultant comments adding flexibility. Assistance to SERC in clarifying transmission tariff and cross border trade fees.

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
quality of service, tariff methodology, and tariffs.				<p>rules to applicable Law on Administrative Procedures.</p> <ul style="list-style-type: none"> ▪ SERC issued its proposed Rule on Tariff Methodology by the end of December 2004, issued a second draft for comment before adopting its final rule on June 7, 2005. ▪ RSERC issued its proposed Rule on Tariff Methodology by the end of December 2004, and adopted a draft for a second round of public comment on June 4, 2005. ▪ FERC issued its proposed Rule on Tariff Methodology by the end of December 2004, and adopted a draft for a second round of public comments on May 20, 2005. ▪ Drafted a legal opinion with regard to whether Public Procurement Law preempted FERC Rule requiring that the public supplier serve Federation customers prior to exporting. ▪ Assisted with amendments to all three Rules on Tariff Methodology in 	<p>initial FERC draft licenses for generation, distribution and supply.</p> <ul style="list-style-type: none"> ▪ SERC adopted temporary operating license for the Transco. ▪ Facilitated decision of SERC Commissioners to reach agreement on a Preliminary Decision on an Interim Transmission Company Tariff. ▪ Commented on FERC's decision on inter-company exchanges prior to its final adoption. ▪ Assisted commissioners to reach unanimous decision on temporary transmission tariff on declared exports to make up for a decrease in CBT revenue and to lower the overall transmission tariff for domestic consumers. SERC issued its final 2006 tariff decision on March 21, 2006. ▪ Drafted Note clarifying and elaborating on the SERC tariff decision, which was posted on 	

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
				<p>response to comments received during public comment periods.</p> <ul style="list-style-type: none"> ▪ RSERC and FERC adopted draft License Rules and held public technical hearings by the end of December, 2004. Advised all three commissions on final harmonization of international trade, Public Service Obligations and suppliers of last resort. ▪ SERC, FERC and RSERC adopted final License Rules. ▪ SERC considered the ISO filing for a temporary license under a shortened procedure, ensuring that the application was available for public comment. ▪ Drafted hearing rules and facilitated legal departments' harmonization in order to provide consistency. SERC, FERC, and RSERC adopted Hearing Rules. ▪ Advice and assistance to FERC in drafting and adopting arbitration rules. ▪ Developed draft Eligible Producer Rule (a rule 	<p>the SERC's web site.</p> <ul style="list-style-type: none"> ▪ FERC adopted generation, distribution and supply tariffs for an average 13% increase. For EP BiH, consumers' rate increased 2.8% on average. ▪ RSERC formed an audit team in response to press reports alleging that two distribution companies were improperly measuring electricity and over-billing customers. A number of irregularities were found by RSERC, licensees were reprimanded and ordered to correct their bills and perform other corrective action. ▪ Commented extensively on the final RSERC Presiding Officers Reports so that they could be adopted by the Commission. ▪ Commented on the FERC proposed licenses for hydropower generation. ▪ Commented on the combined RSERC and 	

Task	Year 1 September 2001 – August 2002	Year 2 September 2002 – August 2003	Year 3 September 2003 – August 2004	Year 4 September 2004- August 2005	Year 5 September 2005 – August 2006	Year 6 September 2006 – February 2007
				<p>on awarding the status of an eligible producer to those that provide electricity from specific renewable resources) as required by the Entity electricity laws. Advised RSERC and FERC on the complexity of tariff methodology for eligible producers and the benefits of eligible producer status.</p>	<p>FERC draft of the Eligible Customer Rules.</p> <ul style="list-style-type: none"> ▪ Commented on SERC's Market Opening Decision, which was subsequently issued by SERC. ▪ Commented on RSERC's General Conditions of Supply provision on connection cost ▪ Advised FERC and RSERC on strategy for a Technical Hearing on the Eligible Customer Rule. 	

APPENDIX C

INDEX OF PROJECT DELIVERABLES

Quarterly Report October 2001-Jan. 2002

1. Pierce Atwood Memo with summary overview of the draft Law on Electricity (Oct. 31, 2001).
2. I. Traugott Memorandum re background report on four trips to Bosnia (Nov. 15, 2001).
3. Memorandum, Incorporation of Federation, RS and World Bank Comments to the Pierce Atwood Draft II (Nov. 20, 2001).
4. Workshop Material, "The Role of The Regulator" (Dec. 11, 2001).
5. Pierce Atwood Draft IV of Electricity Act as submitted to Parliament (Dec. 12, 2001).
6. Pierce Atwood Memo of Law to Council of Ministers summarizing essential elements of Draft IV of Law on Electricity (Dec. 21, 2001).
7. Workshop Materials, "Appointing the Regulator" (Jan. 23, 2002).
8. Memorandum, Talking Points for the Embassy on the RS Electricity Law (Jan. 28, 2002).
9. Trip Report for J. Gulliver and I. Traugott (Oct. 2-5, 2001).
10. Trip Report for I. Traugott (Oct. 10-11, 2001).
11. Trip Report for J. Gulliver and I. Traugott (Oct. 14-19, 2001).
12. Trip Report for I. Traugott (Nov. 1-13, 2001).
13. Trip Report for I. Traugott (Nov. 20-27, 2001).
14. Trip Report for J. Gulliver and I. Traugott (Dec. 9-14, 2001).
15. Trip Report for I. Traugott (Dec. 30, 2001-Jan. 6, 2002).
16. Trip Report for I. Traugott (Jan. 16-18, 2002).
17. Trip Report for I. Traugott (Jan. 22-28, 2002).

Quarterly Report February - April 2002

1. Memorandum, Compatibility of RS Law on Electricity and the State-level Law on Electricity (Feb. 4, 2002).
2. M. Schaeffer notes to P. Flynn re Public Corporations and Transcos (Feb. 7, 2002).
3. Pierce Atwood distributed to participants and USAID materials for the Workshop regarding the SERC organizational plan (Feb. 26, 2002).
4. Pierce Atwood distributed to participants and USAID materials for the Workshop regarding public access and public information (March 20, 2002).
5. Pierce Atwood distributed to participants and USAID materials for the Workshop entitled "The ISO and the Regulator (SERC)" (April 26, 2002).
6. Trip Report, I. Traugott (Feb. 19-23, 2002).
7. Trip Report, J. Gulliver (March 15-23, 2002).
8. Trip Report and attachment, I. Traugott (April 29-30, 2002).

Quarterly Report May – July 2002

1. Pierce Atwood Memorandum analyzing May 21 version of the draft RS Energy Law (May 21, 2002).
2. Pierce Atwood comments to the May 21 draft of RS Electricity Law (May 29, 2002).

3. Pierce Atwood Memorandum regarding possible transmission company structures (June 5, 2002).
4. I. Traugott Memorandum commenting on the draft of the Federation Electricity Law that passed Government session in early June (June 7, 2002).
5. Pierce Atwood Summary of Costs Proposal (June 7, 2002).
6. Comments on Draft RS Law on electric power, post-May 31 meeting (June 20, 2002).
7. Memorandum regarding Draft RS Electricity Law, May 21 (June 20, 2002).
8. Memorandum on RS Draft Law on Electric power June version (June 25, 2002).
9. Memorandum, comments on the Federation Electricity Law Draft, July 04, 2002 version, currently under review in the first reading of the Federation Parliament (July 09, 2002).
10. Memorandum, changes and comments to the RS Electricity Law, April 15 Draft (July 12, 2002).
11. Memorandum, RS Electricity Law, draft submitted to Parliament, July 18, 2002 (July 19, 2002).
12. Trip Report for I. Traugott (May 15-17, 2002).
13. Trip Report for I. Traugott (June 10-12, 2002).
14. Trip Report for J. Gulliver, I. Traugott and A. Cote (May 29-June 7, 2002).
15. Trip Report for J. Gulliver (June 22-29, 2002).
16. Trip Report for I. Traugott (July 16, 2002).
17. Trip Report for I. Traugott (July 29-Aug. 2, 2002).

Quarterly Report August – October 2002

1. I. Traugott and E. Butler Memorandum re Transco Legal Formation Outline (Aug, 28, 2002).
2. I. Traugott and E. Butler Memorandum to M. Broady and P. Flynn re alternatives and legal issues involved in Transco formation (Aug. 31, 2002).
3. Pierce Atwood Summary of the Transco Act (Oct. 18, 2002).
4. Pierce Atwood Outline of the Founding Subscription Agreement (Oct. 18, 2002).
5. Trip Report for I. Traugott (Aug. 27-30, 2002).
6. Trip Report for I. Traugott (Sept. 2-4, 2002).
7. Trip Report for I. Traugott and J. Wilson (Sept. 23-29, 2002).
8. Trip Report for I. Traugott (Oct. 30-Nov. 6, 2002).

Quarterly Report November 2002 – January 2003

1. Draft of Legal Working Group Report to the Steering Committee (Nov. 5, 2002).
2. Issues List/Agenda for meeting with Legal Working Group (Nov. 19, 2002).
3. Summary Memorandum re four drafts of the Transco Act (Nov. 29, 2002).
4. Pierce Atwood PowerPoint Presentations for Workshop, “A New View of Restructuring” and “A Regulator’s Greatest Challenge” (Dec. 11, 2002).
5. PowerPoint with breakout questions for Discussion Group (Dec. 11, 2002).
6. Notes summarizing Discussion Group presentations (Dec. 11, 2002).
7. J. Wilson memo to P. Flynn re meeting and issues to be addressed (Dec. 16, 2002).
8. Pierce Atwood’s Transco Agreement form between BiH and RS Prime Ministers (Dec. 20, 2002).

9. Legal Memoranda on Transco Stock Structures, Accounting Standards in BiH, and Imposed Liquidation at the state level, by local counsel Amer Fazlibegovic (Jan. 2, 2003).
10. J. Wilson memo summarizing Transco legal formation issues (Jan. 10, 2003).
11. Local counsel A. Fazlibegovic Legal Memorandum on Eminent Domain and Conveyance of Assets (Jan. 10, 2002).
12. Local counsel A. Fazlibegovic Legal Memorandum on Transitional Provisions in BiH (Jan. 12, 2002).
13. Local counsel A. Fazlibegovic Legal Memorandum on Entity Stock Registration Process in BiH (Jan. 15, 2002).
14. D. Miller Memorandum on ISO consultants' differences regarding market design. (Jan. 21, 2003).
15. D. Miller Diagrams of PA Consulting and KEMA Consulting conception of the market design. (Jan. 21, 2003).
16. Legal Memorandum on nature and status of legislative steps regarding privatization stock ownership and vouchers (Jan. 28, 2003).
17. Talking points for meeting with Prime Minister Mikerevic regarding correction of legislative actions and over-issuance of stock commitments (Jan. 29, 2003).
18. Trip Report for I. Traugott and J. Gulliver (Dec. 6-14, 2002).
19. Trip Report for I. Traugott (Dec. 19-20, 2002).

Quarterly Report February – April 2003

1. J. Gulliver's cover memo to M. Broady regarding country summary materials (Feb. 6, 2003).
2. The presentation and handouts for the press conference in Banja Luka on the benefits of restructuring and privatization (Feb. 10, 2003).
3. Pierce Atwood country summary table re privatization (Feb. 10, 2003).
4. Pierce Atwood talking points on lessons learned (Feb. 10, 2003).
5. Invitation to and Agenda for Feb. 13 Workshop (Feb. 13, 2003).
6. J. Gulliver Workshop PPT Presentation re "Nature of Corporate Ownership and Shareholding" (Feb. 13, 2003).
7. D. Miller Workshop presentation table on respective ISO and transmission company functions (Feb. 13, 2003).
8. Draft ISO Law by Jim Douglass (March 3, 2003).
9. Pierce Atwood Memorandum re List of Critical Actions Required for EP RS (March 4, 2003).
10. Legal Memorandum on the 1973 law from former Yugoslavia that sets forth precedent for imposed management (March 13, 2003).
11. J. Wilson Memo re four issues of concern in final draft of the Transco Law (March 14, 2003).
12. Pierce Atwood Memorandum to USAID, distributed to International Community and Consultants, regarding challenges of Transmission and ISO Laws (March 23, 2003)
13. Analysis of EPRS audit Result Cash Flow Correction Proposal (March 27, 2003).
14. OHR Roundtable Presentation by J. Gulliver on "What is Restructuring" (April 4, 2003).
15. OHR Roundtable Presentation press handout (April 4, 2003).
16. Cover Memorandum for distribution of Final Laws (April 18, 2003).
17. Law on Transmission Company – English (April 18, 2003).
18. Law on Independent System Operator – English (April 18, 2003).
19. Trip Report for J. Gulliver (Feb. 12-14, 2003).

20. Trip Report for J. Douglass (Feb. 16-20, 2003).
21. Trip Report for J. Gulliver (April 1-5, 2003).

Quarterly Report May – July 2003

1. Pierce Atwood Transco Law Final Alternate (May 12, 2003).
2. Transco Law Final – clean (May 14, 2003).
3. BiH ISO Law – clean (May 14, 2003).
4. Draft PM Agreement on Transco – clean (May 30, 2003).
5. J. Gulliver Memorandum to USAID re concerns about shared formation task responsibility (May 30, 2003).
6. Final Prime Ministers Agreement on Transco (June 2, 2003).
7. BiH ISO Law Final (June 3, 2003).
8. BiH ISO Law Final – redline (June 13, 2003).
9. Transco Law final – clean (June 13, 2003).
10. Transco Law final – redline (June 13, 2003).
11. Pierce Atwood Memo re Explanatory Notes on revised ISO and Transco Laws (June 13, 2003).
12. Transco Law final – clean, revised to accommodate concerns of OHR lead counsel (June 16, 2003).
13. BiH ISO Law final – clean, revised to accommodate concerns of OHR lead counsel (June 16, 2003).
14. BiH ISO Law Final – redline, incorporating EU comments (June 23, 2003).
15. Transco Law final – redline, incorporating EU comments (June 23, 2003).
16. Pierce Atwood responses on EU Comments on Draft Laws (June 24, 2003).
17. J. Wilson Memorandum on Three Regulators vs. One Regulator (July 3, 2003).
18. Draft Amendment to the Act on Transmission, Regulator and System Operator to move the SERC from Tuzla back to Sarajevo (July 15, 2003).
19. J. Wilson PowerPoint presentation for BiH Parliament on Transco and ISO Laws (July 15, 2003).
20. Summary of Transmission Company Law (July 15, 2003).
21. Summary of ISO Law (July 15, 2003).
22. Timeline for Implementation of Transco (July 15, 2003).
23. Transco Powers Flowchart (July 15, 2003).
24. Draft letter from USAID in support of moving the SERC from Tuzla back to Sarajevo (July 22, 2003).

Quarterly Report August – October 2003

1. Response to EBRD and World Bank's Request for Amendments to the BiH Transmission Company and ISO Laws (Aug. 29, 2003).
2. Position Paper regarding Amendments to BiH Electricity Laws (BiH Act on Transmission, Federation Electricity Act, RS Law on Electricity) (Sept. 5, 2003).
3. Comparison of Three Laws: BiH Act on Transmission, Federation Electricity Act, RS Law on Electricity (Sept. 5, 2003).
4. Draft Table of Players in Electricity Sector Reform (Sept. 10, 2003).
5. Memo – Federation Action Plan; The Sensitive Issues (Sept. 11, 2003).
6. Bosnia Action Plan Critical Path Schedule (Sept. 12, 2003).
7. Memo – Extraordinary Powers of the Transco Independent Member (Sept. 12, 2003).

8. Draft PPT presentations for Parliament and Mr. Ivanic on Transco and ISO restructuring (Sept. 14, 2003).
9. Talking Points on Transmission Company and ISO Laws (Oct. 15, 2003).
10. SERC *Statut*, final (Oct. 21, 2003).
11. Trip Report for J. Gulliver (Oct. 1-3, 2003).

Quarterly Report November 2003 – January 2004

1. Memo – Applicability of the Civil Service Law to SERC Staff (Nov. 17, 2003).
2. Startup costs budget for FERC, SERC and RSERC (Nov. 18, 2003).
3. Draft Rules of Practice and Procedure, Arbitration Rules (Dec. 1, 2003).
4. Final SERC Code of Ethics (Dec. 2, 2003).
5. Memo – Regulatory Training (Dec. 5, 2003).
6. J. Wilson e-mail attaching SERC *Statut* and related SERC Decision (Dec. 5, 2003).
7. J. Wilson e-mail attaching SERC budget options (Dec. 5, 2003).
8. Reform Framework Paper with attachments (Dec. 12, 2003).
9. SERC Organization Chart (Dec. 16, 2003).
10. SERC Rules of Work (Dec. 16, 2003).
11. SERC Rules on Internal Organization and Systematization of State Electricity Regulatory Commission (Dec. 16, 2003).
12. Federation Electricity Commission *Statut* (Dec. 19, 2003).
13. Republika Srpska Electricity Regulatory Commission Statut and Budget (Dec. 19, 2003).
14. Comments on Proposed Amendments to the Transco and ISO Laws by the Legal and Constitutional Committee of the House of Peoples (Jan. 8, 2004).
15. J. Wilson e-mail with outline clarifying Committee status of Transco and ISO laws (Jan. 16, 2004).
16. Transco and ISO Laws, redlined with amendments adopted by the House of Peoples Legal and Constitutional Committee (Jan. 20, 2004).
17. Talking Points on House of Peoples Legal and Constitutional Committee amendments to the Transco and ISO Laws (Jan. 21, 2004).
18. Technical Considerations – Moving ISO to Mostar (Jan. 23, 2004).
19. Workshop Agenda (Jan. 28, 2004).
20. Workshop Questions for Break out sessions on Regulator's Independence (Jan. 28, 2004).
21. Presentation – Harmonization of Electricity Laws in Bosnia and Herzegovina (Jan. 28, 2004).
22. Presentation - A Regulator's Greatest Challenge (Jan. 28, 2004).
23. Draft letters to Federation and Republika Srpska officials with regard to supporting the funding of both FERC and RSERC (Jan. 30, 2004).
24. Trip Report for J. Gulliver (Jan. 27-31, 2004).

Quarterly Report February – April 2004

1. Letter to Parliament regarding proposed Amendments to Transco and ISO Laws (Feb. 5, 2004).
2. Legal Memorandum on the Legal Status of SERC (Feb. 16, 2004).
3. J. Wilson Summary of House of Peoples Legal and Constitutional Committee Amendments on Transco and ISO Laws (Feb. 19, 2004).

4. J. Wilson talking points for OHR meeting with Minister Doko (Feb. 19, 2004).
5. J. Wilson Memorandum analyzing amendments to Transco and ISO Laws passed by House committees (Feb. 23, 2003).
6. J. Wilson Memorandum re talking points for Donors to use in statements about passage of Transco and ISO Laws (Feb. 26, 2003).
7. Concept Paper – Electricity Sector Reform: Background to Transmission Company Law and Independent System Operator Law (March 2, 2004).
8. Letter from ZEK to Members of Parliament and Committee regarding the cost of moving out of Sarajevo (March 2, 2004).
9. Pierce Atwood annotated comments on amendments to Transco and ISO Laws passed by House committees (March 2, 2003).
10. Talking Points – House of Representatives Amendments to the Independent System Operator Law and the Transmission Company Law (March 12, 2004).
11. B. Hutchinson Report summarizing his seminar on Cost Allocation Methodologies for Tariff Setting Purposes (March 12, 2004).
12. Rule on Process to Issue Temporary Transmission Licenses (March 22, 2004).
13. Draft Form for a Request for Issuance of Temporary License to Perform the Electric Energy Activity of Electricity Transmission (March 22, 2004).
14. Pierce Atwood counterproposal for Transco Law reflecting discussion with Minister Doko (March 22, 2004).
15. Talking Points – Options of Forming One Regulator (March 23, 2004).
16. J. Wilson e-mails attaching team notes and draft letters in preparation for meeting with House committee (April 4, 2004).
17. J. Wilson e-mail attaching a summary table of all Transco and ISO amendments plus an annotated version of the table (April 7, 2004).
18. J. Wilson e-mail with talking points for meeting with House committee Chairman Jovanovic (April 7, 2004).
19. J. Wilson comments requested by USAID and World Learning re a joint training program for regulatory commissions (April 8, 2004).
20. J. Wilson Memorandum re legal opinion on whether the Federation ERC had jurisdiction over tariffs (April 9, 2004).
21. A. Fazlibegović Memorandum re the hearing procedures for appealing SERC's decisions (April 9, 2004).
22. J. Wilson script for meetings with members of the House committee (April 25, 2004).
23. J. Wilson e-mail attaching documents reflecting new amendments and Cover Memo explaining them (April 28, 2004).
24. Trip Report for J. Gulliver (April 27-30, 2004).

Quarterly Report May – July 2004

1. J. Wilson/SERC PPT presentation for ERRA conference re update on BiH power sector reform (May 11, 2004).
2. J. Wilson/SERC script for introduction of SERC at ERRA conference (May 12, 2004).
3. Pierce Atwood updated timeline for Bosnia reform framework goals (May 12, 2004).
4. Regulatory and Legal Update on ISO and Transco Laws and Electricity Regulators (May 25, 2004).
5. Harmonization of Transco Law, comparison between House of Representatives and the House of Peoples (May 27, 2004).
6. Harmonization of ISO Law, comparison between House of Representatives and the House of Peoples (May 28, 2004).

7. J. Gulliver Presentation – Independent Regulation: The Importance of a Code of Ethics (June 9, 2004).
8. Pierce Atwood Updated Reform Framework Donor Coordination Table (June 16, 2004).
9. J. Wilson Annotated Conclusions from the Athens Energy Week (June 17, 2004).
10. Pierce Atwood Draft Letter to Minister Zigic on tariff system (June 18, 2004).
11. Memorandum on Recommendation of the Unification Process (of the three BiH Regulatory Commissions) and Timing (July 9, 2004).
12. Talking Points: Developing a Proposed Tariff Methodology for Bosnia and Herzegovina, by R. Zarumba (July 12, 2004).
13. SERC Transco and ISO Tariff Timeline for Training (July 12, 2004).
14. Training Requirements Talking Points (July 13, 2004).
15. Issues paper on unification of regulators (July 19, 2004).
16. Trip Report for J. Gulliver (June 6-13, 2004).
17. Trip Report and Meeting Notes for J. Gulliver, Vienna Donor's Coordination Meeting (July 11-13, 2004).
18. Trip Report for D. Shaw and R. Zarumba (July 11-17, 2004).

Quarterly Report August – October 2004

1. Summary of Requirement for ZEK Centralized Dispatch of BiH Electricity System for Resynchronization (Aug. 10, 2004).
2. Official Gazette – Law Establishing an Independent System Operator for the Transmission System of Bosnia and Herzegovina and Law Establishing the Company for the Transmission of Electric Power in Bosnia and Herzegovina (Aug. 10, 2004).
3. E. Butler outline for license training seminar (Aug. 17-20, 2004).
4. Training – J. Wilson PowerPoint on liberalization of the energy sector, “A New View of Restructuring,” presented to SERC, FERC and RSERC staffs (Aug. 17-20, 2004).
5. Training – Presentation Handout re Developing Proposed Rules of Practice and Procedure for Republika Srpska Electricity Regulatory Commission (Aug. 17-20, 2004).
6. Training – Presentation Handout re Developing Proposed Rules of Practice and Procedure for State Electricity Regulatory Commission (Aug. 17-20, 2004).
7. Training – Presentation Handout re Developing Proposed Rules of Practice and Procedure for Federation of Bosnia and Herzegovina Regulatory Commission (Aug. 17-20, 2004).
8. Training – Chart showing types of regulator hearings (Aug. 17-20, 2004)
9. Training – Presentation Handout – License Process (Aug. 17-20, 2004).
10. Training – Outline of a Statement of Rationale for proposed Rules of Practice and Procedure (Aug. 17-20, 2004).
11. Memo to SERC Commissioners and Chief of Staff re Process Observations and Suggestions (Aug. 17, 2004).
12. J. Wilson Sequence of Events in development of SERC Rules of Procedure (Aug. 27, 2004).
13. Issues to be addressed on SERC Rules of Procedure (Aug. 27, 2004).
14. Letter to SERC Commissioners regarding Rules of Procedure (Aug. 30, 2004).
15. J. Wilson updated Transco Timeline (Sept. 1, 2004).
16. Rules of Procedure and Statement of Rationale approved by RSERC (Sept. 2, 2004).
17. Pierce Atwood e-mail containing package of Tariff Seminar presentation and training materials (Sept. 6-10, 2004).

18. Rules of Procedure and Statement of Rationale approved by FERC (Sept. 17, 2004).
19. E. Butler Agenda for Oct. 11-13 Seminar, Theory and Practice of Licensing Activities in the Energy Sector (Sept. 30, 2004).
20. Pierce Atwood talking points for regulatory tariff training (Oct. 3, 2004).
21. Licensing Seminar Training Materials and list of attendees (Oct. 11-13, 2004).
22. Summary – Licensing Workshop for Commissioners and staff members of the Energy Regulatory Commissions (Oct, 11-13, 2004).
23. Trip Report for E. Butler (Aug. 15-21, 2004).
24. Trip Report for R. Zarumba, K. McDermott and C. Peterson (Sept. 6-17, 2004).
25. Trip Report for R. Zarumba and C. Peterson (Oct. 2-9, 2004).
26. Trip Report for E. Butler, C. Filipov and A. Vajdovich (Oct. 8-14, 2004).

Quarterly Report November 2004 – January 2005

1. Rules of Procedure approved by SERC (Nov. 4, 2004).
2. Discussion of Alternate Transition Steps to Restructuring of the Electricity Sector (Nov. 10, 2004).
3. J. Wilson note re FERC Licensing Rule Note on Supply – Rationale (Nov. 15, 2004).
4. Agenda for Meeting on Licensing (Nov. 17, 2004).
5. SERC Rules on Tariff Proceedings (Dec. 17, 2004).
 - a. Concept Paper of Tariff Methodology
 - b. Methodology for calculation of Tariffs for Transmission of Electricity and System Services
 - c. Statement of rationale on the Rules for Public Hearings
 - d. Rules of Hearing Procedures
6. RSERC Tariff Methodology and Tariff Procedures Rule Book (Dec. 17, 2004).
 - a. Concept Paper for Tariff Methodology
 - b. Rule Book for Issuance of Licenses and Consents
 - c. Statement of Rationale of the Rule Book for Issuance of Licenses and Consents
 - d. Annexes to RSERC Tariff Methodology re application forms for distribution, generation and supply
 - e. Statement of rationale on the Rules for Public Hearings
 - f. Rules of Hearing Procedures
7. FERC Rules for Tariff Methodology and Tariff Proceedings (Dec. 23, 2004).
 - a. Concept Paper of Tariff Methodology
 - b. Statement of Rationale on the General Hearing Rules
 - c. FERC Rules of Hearing Procedures (Dec. 23, 2004).
 - d. Annex 1, tariff applications forms for distribution, generation and supply
8. E. Butler Memo to head of FERC Licensing Department re BiH Law on Administrative Procedures (Jan. 21, 2005).
9. License Rule Workshop Agenda and questions to be considered during workshop (Jan. 26, 2005).
10. Flow chart for workshop re procedures for issuances of licenses and consents (Jan. 26, 2005).
11. Pierce Atwood Issue Summary Sheets re unification of regulators, regulation of Brcko electricity sector and passage of a gas law (Jan. 31, 2005).
12. Trip Report for D. Shaw (Oct. 25-Nov. 5, 2004).
13. Trip Report for E. Butler (Nov. 7-21, 2004).
14. Trip Report for J. Gulliver (Nov. 14-20, 2004).
15. Trip Report for D. Shaw and R. Zarumba (Dec. 4-Dec. 16, 2004).

16. Trip Report for E. Butler (Jan. 16-30, 2005).
17. Trip Report for R. Zarumba (Jan. 21-29, 2005).

Quarterly Report February – April 2005

1. J. Wilson updated Memorandum and Issues Paper re unification of regulators (Feb. 1, 2005).
2. J. Wilson talking points re Tariff Methodologies in BiH (Feb. 2, 2005).
3. J. Wilson Memorandum, Rough Plan for Drafting Gas Law (Feb. 3, 2005).
4. J. Wilson Memo re Timeline for Issuance of Tariff Methodology Rule (Feb. 17, 2005).
5. Amendment to the SERC Activity Report in 2004 (Feb. 18, 2005).
6. J. Wilson Summary of House of Representatives session with SERC (Feb. 22, 2005).
7. E. Butler and J. Wilson Memo re Law on Financing Institutions of BiH (Feb. 25, 2005).
8. Questions and Dilemmas about Application of Proposed Tariff Methodology (March 7, 2005).
9. Agenda for meeting with SERC, FERC and RSERC on Unification (March 17, 2005).
10. Agenda for meeting with SERC on Unification (March 17, 2005).
11. J. Wilson Analysis of the Electricity Law versions in Croatian and Bosnian (March 18, 2005).
12. J. Wilson Talking Points re Role of the Independent Member, and Transco and ISO management board appointments. (March 21, 2005).
13. J. Wilson letter to Minister Zigic regarding discrepancies in Bosnian and Croatian versions of Federation Electricity Law (March 21, 2005).
14. J. Wilson table comparing Bosnian and Croatian versions of Federation Electricity Law (March 21, 2005).
15. Agendas for April 6-7 workshops with RSERC and FERC on Regulated Utility Perspective for RSERC (March 25, 2005).
16. E-mails from A. Nezorovic and J. Wilson attaching 13 PowerPoint presentations made at April 6-7 workshop (April 8, 2005).
17. E. Butler Memo to Chiefs of Staff of SERC, FERC and RSERC regarding Final Preparation of License Rules for Adoption (April 13, 2005).
18. J. Wilson table outlining Harmonization of Supply Licensing (April 17, 2005).
19. Agenda for meeting with FERC and RSERC Commissioners on License Rule Harmonization (April 18, 2005).
20. Agenda for meeting with SERC Commissioners on License Rule Harmonization (April 19, 2005).
21. Draft SERC Tariff Pricing Methodology for Services of Electricity Transmission, Operation of Independent System Operator and Ancillary Services (April 21, 2005).
22. Memo re Legal Opinion of Formation of ISO (April 22, 2005).
23. SERC Licensing Rules, Translated, Final, Adopted (April 22, 2005).
24. Comments on ISO / Transco Formation, draft milestones for comments (April 22, 2005).
25. Timeline for ISO Formation from ISO Law (April 26, 2005).
26. Memo by J. Wilson and D. Shaw re Customers Subject to SERC Jurisdiction (April 27, 2004).
27. Trip Report for J. Gulliver (Feb. 1-5, 9, 2005).
28. Trip Report for B. Hutchinson (Feb. 28-March 12, 2005).
29. Trip Report for Karl McDermott and Carl Peterson (March 1-4, 2005).
30. Trip Report for E. Butler (March 11-20, 2005).
31. Trip Report for J. Gulliver (March 15-19, 2005).

32. Trip Report for J. Stanley Graves and Roger Kovack (April 3-8, 2005).
33. Trip Report for J. Gulliver (April 5-10, 2005).
34. Trip Report for E. Butler (April 11-21, 2005).

Quarterly Report May – July 2005

1. Memo – SERC Draft Rule on Tariff Methodology Comments (May 4, 2005).
2. Presentation – Bosnia and Herzegovina, Electric Tariff Project: Status (May 12, 2005).
3. Presentation – Development of a Regulatory Accounting System (May 12-19, 2005).
4. Memo – Strategy for Unification and Gas Law (May 26, 2005).
5. Memo – I. Tunjic SERC Legal Department, concerning SERC's Hearing Rule Defective Pleadings (May 27, 2005).
6. Memo – S. Stojcic, FERC Legal Department, concerning FERC Arbitration Rule (May 27, 2005).
7. Memo – From Elma Haveric on FERC Technical Hearing (June 7, 2005).
8. Memo – from R. Zarumba on FERC Technical Hearing (June 8, 2005).
9. Memo – FERC Jurisdiction Over Tariffs Under Federation Law (June 17, 2005).
10. Issues related to the Rulebook on Tariff Methodology and Tariff Proceedings at Meeting held on Tuesday (June 21, 2005).
11. Talking Points on Vulnerable Customer Programs (June 22, 2005).
12. Options for Commission Structure Under Combined Electricity Law Framework (July 7, 2005).
13. Activity Plan for Processing of Application for Issuance of Temporary License for the ISO (July 2005).
14. Trip Report for R. Zarumba (April 23 – May 4, 2005).
15. Trip Report for D. Shaw and R. Zarumba (May 8 – 13, 2005).
16. Trip Report for E. Butler (May 21-31, 2005).
17. Trip Report for G. Barry Schaeffer (May 11-21, 2005).
18. Trip Report for R. Zarumba (June 5-9, 2005).
19. Trip Report for B. Hutchinson (July 2-16, 2005).
20. Trip Report for J. Gulliver (July 9-13, 2005).

Quarterly Report August – October 2005

1. RSERC Hearing Rule (July 1, 2005).
2. Pierce Atwood Comments on the SERC draft License Conditions of the ISO Temporary License (Aug. 4, 2005).
3. Pierce Atwood Comments on the General Conditions of Supply for both Entity Commissions (Aug. 10, 2005).
4. Agreement Among Prime Ministers (Aug. 11, 2005).
5. Comments on Prime Minister Agreement Background information (Aug. 11, 2005).
6. Prime Ministers Agreement Background Attachment (Aug. 15, 2005).
7. Talking Paper on Commission Structure (Aug. 15, 2005).
8. Scorecard Table, listing all rules adopted by all Commissions, along the dates adopted (Aug. 29, 2005).
9. Pierce Atwood comments on the RSERC draft Conditions of Supply (Sept. 2, 2005).
10. Ms. Wilson's Talking Points for SERC regarding Transco Alternative Courses of Action (Sept. 6, 2005).
11. Letter from Aluminij to Prime Minister Hadzipasic (Sept. 14, 2005).

12. SERC documents in connection with EP HZHB's Application for International Trade:
 - a. Activity Plan International Trading License (Sept. 21, 2005).
 - b. Notice to Maric (Sept. 22, 2005).
 - c. Notice on Completeness of Documents (Sept. 22, 2005).
 - d. Letter, EP HZHB to SERC (Sept. 23, 2005).
 - e. Public Notice on International Trade License
13. FERC Rules, proofread by Pierce Atwood for posting on website:
 - a. Procedural Rules
 - b. Hearing Rules
 - c. Licensing Rule
 - d. Rule on Tariff Methodology
14. RSERC decisions:
 - a. Decision on Regulatory Fees (Feb. 28, 2005).
 - b. Decision on One-off Regulatory Fees (June 3, 2005).
 - c. Decision on First Tariff Proceeding (June 21, 2005).
 - d. Decision on Formal Hearing within First Tariff Proceeding (Aug. 24, 2005).
 - e. Decision on Holding Formal Hearing (Sept. 21, 2005).
15. RSERC Public Notice on Formal Hearing in First Tariff Proceeding (Sept. 21, 2005).
16. Pierce Atwood's Comments on the Arbitration Rules (Sept. 21, 2005).
17. Project Status Presentation (Oct. 11, 2005).
18. "Conducting the Formal Hearing Process," presentation for the Commission and Staff training in Sarajevo (Oct. 12-13, 2005).
19. Comments on Chairman Mandrapa's of FERC draft response to the ISO request for prices pursuant to the SERC Rule on Tariff Methodology (Oct. 25, 2005).
20. Comments on the FERC Arbitration Rules (Oct. 25, 2005).
21. Comments on the RSERC decision on Request to Intervene (Oct. 26, 2005).
22. Proposal for Judicial Training, sent to the HJPC (Oct. 26, 2005).
23. Talking points for USAID regarding SERC proposed Market Opening Decision (Oct. 26, 2005).
24. Comments on the SERC Draft Decision on Market Opening (Oct. 26, 2005).
25. Trip Report for J. Gulliver and D. Shaw (Oct. 8-14, 2005).
26. Trip Report for R. Zarumba (Oct. 16-21, 2005).

Quarterly Report November 2005– January 2006

1. Monitoring and Enforcement Workshop
 - a. Agenda: Monitoring and Enforcement Workshop (Nov. 9-10, 2005).
 - b. Presentation by E. Butler, "Dispute Resolution as Monitoring and Enforcement Tool" (Nov. 9, 2005).
 - c. Presentation by E. Butler, "Enforcement Issues for the Commissions" (Nov. 10, 2005).
 - d. Four Presentations by A. Vajdovich, "Theory and Practice of Monitoring Practice and Experiences of the Hungarian Energy Office" (Parts 1-4) (Nov. 9-10, 2005).
2. Judicial Training Workshop
 - a. Program and Agenda, Judicial Review of Electricity Regulatory Commission Decisions Seminar with attached sample decisions (*Central Maine Power Company v. the Public Utility Commission*, Jan. 14, 1983, written by Justice Dan Wathen; and *Maine Public Service Company v. the Public Utility Commission*, April 29, 1987, Maine Supreme Court Decision written by Justice Dan Wathen) (Nov. 29-Dec. 1, 2005).

- b. Presentation: D. Wathen, J. Gulliver, and D. Shaw “Judicial Review of Electricity Regulatory Commission Decisions” (Nov. 29-Dec. 1, 2005).
3. Pierce Atwood e-mail opinion regarding the SERC procedural rules (Nov. 17, 2005).
4. Memorandum from Ms. Wilson to Enida Hadzimuratovic of OHR containing an analysis of the proposed RS Gas Law (Nov. 18, 2005).
5. Pierce Atwood Comments on FERC Presiding Officers Report on Inter-Company Transaction (Short Run Marginal Costs) (Nov. 30, 2005).
6. Pierce Atwood USAID Project Accomplishments in BiH 2005 (Nov. 30, 2005).
7. Annual Report to USAID on Energy Policy Reforms on number of regulations drafted, number adopted and number published (Dec. 1, 2005).
8. FERC final licenses for EP BiH (Generation, Distribution, Tier I Supply (tariff customers) and Tier II Supply (all other customers) (adopted Dec. 1, 2005).
9. FERC final licenses for EP HZHB (Generation, Distribution, Tier I Supply and Tier II Supply) (adopted Dec. 1, 2005).
10. Report by Email to USAID on Annual Report Indicators, FY 2006 target proceedings and actual for FY 2005 (Dec. 7, 2005).
11. Email from Ms. Wilson to Mr. Dokic regarding Transco license conditions (Dec. 20, 2005).
12. Email involving Pierce Atwood Portland, J. Wilson and the Commissions regarding treatment of ancillary services and transitional assumptions (Dec. 22, 2005).
13. SERC decision on ISO tariff (Dec. 28, 2005).
14. SERC Transmission Company License (adopted Dec. 28, 2005).
15. SERC Decision on Transmission Company license (adopted Dec. 28, 2005).
16. SERC Tables for ISO tariff decision and current status of transmission tariff calculation that will be the basis for the next all-Commissioner meeting (Dec. 30, 2005).
17. FERC Conclusions with regard to inability to issue an end user tariff (Dec. 30, 2005).
18. Pierce Atwood comments on RSERC Presiding Officers Report on Generation Plant Visegrad (Jan. 4, 2006).
19. Pierce Atwood comments on RSERC Presiding Officers Report on Generation Plant Trebisnjica (Jan. 4, 2006).
20. Outline of Commission Decisions for generation, distribution and end user tariffs (Jan. 4, 2006).
21. Forms for the Entity Commissions to fill out to obtain an end user average tariff for the meeting on Jan. 12.
22. SERC Decision on the tariff for operation of ISO.
23. Trip Report for E. Butler and A. Vajvodich (Nov 6-12).
24. Trip Report for R. Zarumba (Nov. 12-19).
25. Trip Report for J. Gulliver, D. Shaw and Daniel Wathen (Nov 27-Dec 2).

Quarterly Report February – April 2006

1. SERC Order on Transmission Tariffs (adopted Jan. 31, 2006).
2. SERC Activity Report, final for posting on the SERC website (Feb. 1, 2006).
3. Gas Law, (Feb. 9, 2006).
4. Presentation “Gas Liberalization: How Will BiH Get There,” by Ms. Wilson at the Gas Conference in Sarajevo (Feb. 15, 2006).
5. SERC Decision on Initial Tariffs (March 21, 2006).
6. FERC Decision on the tariff system for both EP BiH and EP HZHB (March 23, 2006).
7. FERC Decision on tariff for generation for both EP BiH and EP HZHB (March 23, 2006).
8. FERC Decision on tariff for distribution for both EP BiH and EP HZHB (March 23, 2006).

9. RSERC Ruling on license condition audit of Elektrokrajina (March 30, 2006).
10. RSERC Ruling on license condition audit of Elektro-Hercegovina, in Trebinje (March 30, 2006).
11. Outline for SERC Explanatory Note (March 30, 2006).
12. Paper on Issues Raised by the Press for FERC (March 31, 2006).
13. White Paper re FERC Tariff Increases from Mr. Gulliver and Ms. Wilson to Mr. Broady (April 4, 2006).
14. Sample slides for FERC regarding simple explanation of tariff methodology and role of the FERC (April 11, 2006).
15. Pierce Atwood Memorandum to USAID regarding Independent Role after formation of the Transco (April 11, 2006); same memorandum revised and simplified sent to SERC (April 13, 2006).
16. House of Representatives, Federation Parliament Extraordinary Session, Report by Ms. Haveric (April 18, 2006).
17. House of Peoples, Federation Parliament Extraordinary Session, Report by Ms. Haveric (April 19, 2006).
18. Pierce Atwood Memorandum to Mr. Broady on Transfer of Transmission Assets to Transco (April 21, 2006).
19. Pierce Atwood Memorandum to Mr. Broady on Removal of General Director (April 21, 2006).
20. Pierce Atwood comments on the FERC letter to the House of Peoples requesting that the approval of its report and budget be placed on the agenda (April 24, 2006).

Quarterly Report May – July 2006

1. Minutes from the first Gas Working Group meeting on April 27, 2006 (May 5, 2006).
2. Pierce Atwood Memorandum accompanying comments on SERC Decision on Market Opening (May 5, 2006).
3. Memorandum to Ankica Altumbabic of USAID from Elma Haveric and D. Shaw on the Federation Parliamentary Action Concerning the FERC Tariff Decisions (May 11, 2006).
4. Draft Rules of Work for the Gas Working Group (May 16, 2006).
5. RSERC Conditions of Supply, along with Appendix 1 on quality indicators and Appendix 2 on the one-off fee (connection fee) (May 2006).
6. Memorandum from Ms. Wilson to Slavica Stojcic regarding structure of FERC's response to Aluminij complaint (May 25, 2006).
7. Memorandum to OHR from Pierce Atwood regarding the mandatory use of domestic preferences required by the Procurement Law (May 28, 2006).
8. Final draft of the SERC Decision on Market Opening (May 29, 2006).
9. Memorandum to USAID from Pierce Atwood regarding the role of the Federation Parliament in supervising FERC (June 2, 2006).
10. SERC Decision on Market Opening (June 8, 2006).
11. Presentation "New Energy Situation in Europe" presented to the European Centre for Parliamentary Research and Documentation, the Macro-Economic Research Working Group Meeting in the BiH Parliament (June 9, 2006).
12. Draft Talking Points for a meeting with Prime Minister Hadzipasic, Deputy Minister Vrankic and Minister Heco (July 2, 2006).
13. Draft analysis of implementation of Energy Community Treaty in table format (July 6, 2006).
14. Draft analysis of implementation of Directive on Electricity in table format (July 6, 2006).
15. FERC's application for status of eligible customer (July 13, 2006).

16. RSERC final draft rule on Eligible Customers (July 13, 2006).
17. FERC's redraft of the Draft Eligible Customer Rule, adopted for comment in a regular session (July 14, 2006).
18. Opinion by R. Zarumba with regard to the Eligible Customer Indicative Tariff for FERC (July 17, 2006).
19. Final analysis on implementation of the Energy Community Treaty (July 17, 2006).
20. Final analysis on implementation of the Electricity Directive (July 17, 2006).
21. Memorandum from Ms. Wilson to the FERC Commissioners regarding training on communication (July 17, 2006).
22. Legal research Memorandum from S. Getchell in Pierce Atwood's Portland office, on whether any countries similar to Bosnia and Herzegovina have forced eligible customers to create bilateral deals with energy suppliers (July 19, 2006).
23. Memorandum from Ms. Wilson to USAID regarding Eligible Customer Rules, Deregulation of Electricity and a Unified Market (July 26, 2006).
24. Memorandum from Ms. Wilson to Entity Commissions regarding the Eligible Customer Rule drafts and Pierce Atwood's major concerns (July 27, 2006).
25. Supplier of Last Resort: An Overview of Its Implementation in ERRA Member States and Representative Countries in the EU, Benchmarking Index, dated 12-13-05 (July 31, 2006).
26. Table illustrating customer switching according to the draft RSERC Eligible Customer Rule (July 31, 2006).
27. Talking points for meeting with new U.S. Embassy Economics Department staff (Aug. 3, 2006).
28. Short presentation on restructuring prepared for meeting with new U.S. Embassy Economics Department staff (Aug. 3, 2006).
29. Trip Report for J. Gulliver (June 19-30, 2006).

Quarterly Report August – October 2006

1. SERC Decision Establishing the Simplified Procedure for Issuance of International Trade Licenses for Applicants with the Eligible Customer Status (Aug. 31, 2006).
2. Final FERC Eligible Customer Rule (Sept. 8, 2006).
3. Workshop Materials for Sept. 12-14, 2006, Mostar Training Workshop for three regulatory commissions on "Regulator Preparation for Issuance of Final Licenses and Protection of Customers in Market Opening" (Sept. 2006).
4. Power Point slides on "Supplier of Last Resort" and "Consumer Protections Required Prior to Market Opening" (Sept. 2006).
5. Report on World Learning Mostar Training Workshop (Sept. 2006).
6. Pierce Atwood's Notes on Market Opening Discussion at Mostar Training Workshop (Sept. 2006).
7. Summary Comparison of the FERC and RSERC Eligible Customer Rules (Sept. 26, 2006).
8. Status Presentation by Pierce Atwood's Ms. Wilson in the Chief of Party Meeting providing updates for new ERO Director Gregg Wiitala (Sept. 27, 2006).
9. Mr. Delphia's Presentation on the Bulgarian Power Market: Relevance of the Lessons Learned from the Hungarian Experience (Sept. 28, 2006).
10. Coordination Meeting Agenda (Sept. 29, 2006).
11. Questions from the TASTI project for a meeting with SERC, including Pierce Atwood's suggested answers (Oct. 3, 2006).
12. Questions from the TASTI project for a meeting with Pierce Atwood (Oct. 4, 2006).

13. Input to a response to the EnC Treaty Electricity roadmap template prepared by MOFTER (Oct. 4, 2006).
14. Status Presentation of BiH Energy Regulatory Development (Oct. 19, 2006).
15. Trip Report for E. Butler (Sept. 3-20, 2006).
16. Trip Report for J. Gulliver (Oct. 18-20, 2006).

Quarterly Report November 2006 – January 2007

1. Finalized comments of BiH on the Road Map drafted by the Secretariat and forwarded to the Secretariat (Nov. 6, 2006).
2. Talking Points for Third Party Access meeting in Trebinje (Nov. 8, 2006).
3. SERC draft Confidentiality Rule and Rationale (Nov. 14, 2006).
4. FERC Confidentiality Rule and Rationale (FBiH Official Gazette 70/06).
5. Draft SERC Third Party Access Rule (Dec. 7, 2006).
6. RSERC draft "Guidelines for Application of the Uniform Regulator Chart of Accounts (URCA)".
7. Brcko Alternative Electricity Sector solution draft talking points and presentation (Dec. 13, 2006).
8. Draft talking points on Gas Law (Dec. 13, 2006).
9. Brcko Training Material (Dec. 15, 2006).
10. Draft SERC Amendments to Rule on Tariff Methodology (Dec. 18, 2006).
11. Memorandum from R. Zarumba regarding tariff rate design (Dec. 21, 2006).
12. 2006 Accomplishments (Dec. 22, 2006).
13. 2006 Training Summary (Dec. 22, 2006).
14. Memorandum regarding suggested joint Commission meeting regarding the Brcko issue (Dec. 28, 2006).
15. Pierce Atwood Comments on SERC Proposed Amendments to the Rule on Tariff Methodology (Jan. 8, 2007).
16. Pierce Atwood Agenda for Joint Commission meeting on Brcko regulation (Jan. 8, 2007).
17. Talking Points for USAID internal Meeting on Brcko (Jan. 11, 2007).
18. White Paper on Regulation of Brcko Electricity Sales: Technical Regulatory Considerations (Jan. 11, 2007).
19. White Paper on Brcko Electricity Supply Legal Framework (Jan. 12, 2007).
20. Second set of comments on SERC Proposed Amendments to Rule on Tariff Methodology (Jan. 21, 2007).
21. Comments on RSERC Confidentiality Rule (Jan. 23, 2007).
22. Comments on FERC's response to EP HZHB's letter requesting extraordinary circumstances expedition for its tariff application (Jan. 11, 2007).
23. Status Table for Confidentiality Rule, Third Party Access Rule, and Chart of Accounts for the three commissions (Jan. 26, 2007).
24. Trip Report for B. Hutchinson (Dec. 3-13, 2006).
25. Trip Report for E. Butler (Dec. 9-16, 2006).
26. Trip Report for R. Zarumba (Nov. 26-Dec. 2, 2006).
27. Trip Report for D. Shaw (Jan. 14-25, 2007).
28. Trip Report for E. Butler (Jan. 20-27, 2007).

Monthly Report February 2007

1. RSERC final Rule on Confidentiality (Jan. 30, 2007).
2. SERC Schedule of Procedures for Transmission Company and ISO tariff proceedings (Feb. 1, 2007).
3. Revised Gas Law previously sent to MOFTER on Mar. 23, 2006, to include comments by the Energy Community Secretariat (Feb. 7, 2007).
4. Two page list of Key Accomplishments 2001-2007 (Feb. 2007).
5. Translation of RS new draft Gas Law (Feb. 15, 2007).
6. Pierce Atwood comments on new RS draft Gas Law, pp. 1-10.
7. Memorandum from Ms. Wilson to USAID on RS draft Gas Law regarding reasons why the draft should be pulled from the RSNA agenda by OHR (Feb. 19, 2007).
8. Presentation on Lessons Learned for close-out-workshop by J. Gulliver (Feb. 22, 2007).
9. R. Zarumba's close-out presentation (Feb. 22, 2007).
10. Trip Report for J. Gulliver (Feb. 3-9, 2007).
11. Trip Report for R. Zarumba (Feb. 12-23, 2007).
12. Trip Report for D. Shaw, J. Gulliver and B. Doucette (Feb. 18-23, 2007).