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Regulatory and Energy Assistance

Regulatory and Energy Assistance Project in Bosnia and Herzegovina (BiH) – REAP BiH

IQC Contract # EPP-I-00-03-00004-00

Task Order # 05

Quarterly Progress Report

October 1, 2012 – December 31, 2012

Submitted to:

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This report is made possible by support from the American People sponsored by the United States Agency for International Development (USAID). The contents are the sole responsibility of the author/s and do not necessarily reflect the views of USAID or the United States Government.

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I. BRIEF OUTLINE OF PROJECT PURPOSE AND APPROACH

On March 12, 2011, the USAID Regulatory and Energy Assistance Project (REAP) was extended to September 30, 2013. The two main objectives of the project activities remain the same: to (i) achieve a fully integrated energy sector into the regional market and the EU; and (ii) restructuring and commercialization of energy companies. The tasks under each Task Objective have changed, as can be seen in Sections VI and VII of this Quarterly Report. REAP is a market development oriented project that specifically works to open the BiH market, with as many preconditions in place as possible. Market opening involves removing market impediments. To that end, REAP works to harmonize the regulatory work of the three commissions to facilitate integration of the market into the regional and EU markets, and assist in the technical and detailed regulatory preparation for market opening. REAP also assists the State institutions to facilitate BiH speaking with one voice in internal and international liberalization and to become familiar with the EU Third Liberalisation Package. Also, as requested REAP assists the State Ministry for Foreign Trade and Economic Relations (MOFTER) to continue efforts on the state gas law. Regarding the second Task Objective, restructuring and commercialization of energy companies, REAP works in three areas: (i) assists the Federation to develop the Electricity Law where unbundling of the Federation EPs will be prescribed and develop an energy policy; (ii) comments on the EPs' restructuring documents as requested, along with advising and proposing processes and roles to power utilities to restructure the Distribution System Operators into neutral retail market facilitators; and (iii) assists the EPs to develop and implement solutions to receive revenues that reflect their justified costs.

As energy reform technical assistance in BiH, REAP provides advice and assistance as needed to the international community through USAID and to other USAID, EU, and various international projects.

II. BRIEF DESCRIPTION OF SIGNIFICANT ACTIVITIES

Lead Case Study effort, consisting of open market base case and scenarios:

REAP and its U.S. technical assistance continued a thorough analysis to identify the gaps in primary and secondary legislation and various operational rules, and recommend steps to fill in the gaps to establish the processes and responsibility of electricity sector participants for each detailed activity that is necessary for the electricity market to function successfully.

In this regard, REAP and technical assistance finalized a gap analysis report, which is structured to address the legal and regulatory framework and processes related to each of the seven market operations.¹ The gap analysis addresses all three regulatory jurisdictions: the Federation Electricity Regulatory Commission (FERC); the Republika Srpska Energy Regulatory Commission (RSERC), and the State Electricity Regulatory Commission (SERC), and recommends measures for each Commission to take to fill the identified gaps. In order to present the results of the analysis to the decisions makers and all major stakeholders and discuss the next steps in regard to this activity, REAP organized a Workshop that took place on December 5 and 6, 2012. There were 56 participants from the State and entity ministries, power utilities, regulatory commission, Independent System Operator and Transco who attended the two-day

¹ Retail Supplier Licensing, Customer Switching, Information Sharing, Default Supplier/Supplier of Last Resort, Metering, Billing and Collection and Contracts.

Workshop. In concluding remarks, REAP addressed the most important areas in rules and laws that should be clarified, improved, changed and/or developed in order to make them supportive of market entry of a new independent supplier. In addition, REAP suggested that the restructuring of Distribution System Operators is the biggest challenge for regulators and power utilities to establish preconditions for retail market functioning. After the workshop REAP developed an action plan to perform all activities that will ensure the implementation of the Workshop conclusions. These activities involve detailed work by REAP and its consultants in close cooperation with the regulatory commissions' and power utilities' representatives.

REAP also held a meeting with the Public Utility of Brčko District (PU) and as agreed at the meeting prepared a document on unbundling of the Distribution department of the PU and potential unbundling steps. In particular, the document addressed the need to unbundle the supply function from the Distribution System Operator (DSO) function, as well as the unbundling of the DSO from two other departments of PU (water supply and waste disposal).

Execution of Load Research

REAP's successful load research activities continued during the subject period. A meeting of the Load Research Subgroup took place in on October 11, 2012, in which fifteen representatives of power utilities and regulatory commissions participated. REAP presented the Guidelines on Data Analysis and international practice, and the four power utilities informed the Subgroup on their recent achievement in the Load Research process. One important piece of information that emerged during the meeting is that EP HZHB has established the Load Research Team and plan to start a metering process in 2012, having been long delayed because of political difficulties internal to the utility. Public Utility Brcko District has also established a Team for Load Research and will utilize data from Elektroprivreda RS in accordance with REAP's drafted Guideline on Data Transfer, where one utility can use the data from another according to internationally accepted practices. Meanwhile, the load research metering process was ongoing in Elektroprivreda BiH and Elektroprivreda RS. In the meeting the Subgroup accepted REAP's proposal to hold a Load Research Workshop in order to present the achievements of the power utilities and recommend further steps in this area to regulators and executive directors from all power utilities responsible for distribution, trade and supply of electricity.

The REAP Workshop on Load Research took place on December 20 and 21, 2012: there were 51 participants from the State and entity ministries, power utilities, regulatory commissions and Transco. In the two-day session, REAP, REAP's short-term technical consultants and the EP representatives delivered their presentations addressing the Load Research Guidelines developed by REAP and the Subgroup. The utilities presented on the work carried out so far by the EPs, while REAP and the technical assistance consultants commented on international practice in use of the load research results and recommendations for the EPs after analysis of their written reports on load research implemented in their respective companies. At the end of the Workshop, USAID REAP presented conclusions and recommended next steps. The next steps included consideration by the subgroup of combining research results from all the EPs to obtain a more relevant database and planning for the final subgroup meeting. The recommendations for the power utilities included adoption of the Guidelines for Load Research, utilization of the load research results in practice for balance planning, planning of network load and network

development, and reorganization of the customer database to enhance load research and the electricity market. The recommendations for the regulators were to adopt the Guidelines for Load Research, after receipt of the final load research report to initiate a procedure for tariff design utilizing the load results, development of rules that define the process of load research and use of the load research results, the prescription of profiling methodologies, and the request for load curves for the existing categories and customer groups. Finally, specific steps were suggested in preparation for market opening on January 1, 2015: introduction of new load curves, categories, customer groups, new network tariffs and determination of a new process for the public supplier.

REAP also prepared a printed version of the Guidelines for Load Research and distributed them to all participants in the Workshop, as well as to all EPs and regulatory commissions for their libraries.

Advise and assist ministries on talks needed to remove impediments to market opening:

REAP reviewed the revised Draft FBiH Electricity Law in order to check if the most recent version sent to the FBiH Parliament after public hearings, differs significantly from the version prepared by the Federation Ministry of Energy, Mining and Industry (FMERI) and REAP. The FBiH Government held a session on November 14, 2012, and passed amendments to the proposed Law on Electricity, which resulted in the transmittal of the law to the Federation Parliament for the final stages for its adoption. REAP identified the major changes and areas of non-compliance with the Energy Community Treaty in the new version of the Draft Law compared to the previous draft and sent a letter to FMERI proposing amendments to the draft law.

Advise and assist MOFTER to undertake actions to implement new obligatory decisions made by the Energy Community Ministerial Council

The Energy Community Treaty Ministerial Council made decisions to extend the Energy Community Treaty in the field of renewable energy, statistics, and maintaining a minimum stock of crude oil. In addition, the MC also adopted the Energy Strategy of the Energy Community. The importance of these decisions and eventual adoption is that all signatory parties are obliged to implement them; in regard to some decisions, this has not only technical and legal but also financial consequences for Bosnia and Herzegovina and every other signatory party. REAP analyzed the MC decisions, and, based on this analysis, proposed actions to be taken by MOFTER to enable BiH to implement the MC decisions. The MOFTER Energy Department accepted REAP's recommendations and proposed that the Minister submit them to the State Council of Ministers for further action. REAP was informed by MOFTER that the Minister had accepted this initiative, signed and submitted the documents to the Council of Ministers.

Assist regulators to further harmonize rules that strengthen market regulation:

As requested by SERC, REAP attended the Joint Regulator Meeting and delivered a presentation on “Market Opening in BiH and Inclusion of the Regional Electricity Market in the SEE (Current Status, Obligations from the Energy Community Treaty, Perspectives)”. The basis for this presentation was a document that Regulatory Market Working Group with REAP’s assistance prepared earlier that proposed concrete activities, with tasks assigned to relevant stakeholders in the electricity sector. In that connection, REAP also reviewed the achievements made by the stakeholders after the implementation of these recommendations. The presentation showed that some of the impediments have been completely and some partially eliminated.

Assist MOFTER and EPs in the revision of the Procurement Law to allow operational trading of electricity:

REAP discussed the Procurement Law with the representatives of two utilities who reiterated their interest in a change of the law. In addition, REAP analyzed the draft revised Law prepared by the State Public Procurement Agency and found that Article 11 of this Law exempts electricity trading from the public procurement procedures. Later, REAP was informed that the State Council of Ministers adopted the draft revised Law and forwarded it to the State Parliament.

Initiate regulatory partnership in cooperation with NARUC that will pair the three BiH regulators with U.S. regulatory commissions

REAP commenced preparatory work for the regulatory partnership by updating the budget and preparing a draft work plan. The draft work plan consists of the four exchanges (meetings of the BiH regulatory commissions and the U.S. counterpart), addressing, among other things, the Wholesale and Retail Market, Security of Supply, Restructuring of the DSO, Renewables, Demand Side Management, and Tariff Methodology. This program is a natural extension of REAP’s work with the regulators on the case study and load research.

III. PERFORMANCE PROBLEMS

- **Unbundling.** The Federation EPs still remain fully bundled, but the new Draft Electricity Law prescribes functional, operational and legal unbundling of the Public Power Utilities. Due to a political blockade in the Federation, the final Draft Electricity Law has not yet been discussed in the Parliament.
- **Investments.** Investment is still problematic in BiH. In spite of the plans to build new power plants in both Entities, very little interest has been shown by investors. High investment risk remains due to the political situation, the situation with Transco and an unclear investment legal framework.

IV. TWENTY-THIRD QUARTER DELIVERABLES

Information for USAID:

- Notice from FERC on new Chairman, dated 10-10-12, in English and local language

- FBiH Electricity Law after the First Round of Parliament, dated 9-26-11, in English and local language
- FBiH Electricity Law approved by the Government, dated 11-02-12, in English and local language

Deliverables

- Presentation Data Analysis - How to Calculate, dated 10-11-12, in English and local language
- Invitation for LR Workshop, dated 11-21-12, in English and local language
- Agenda LR Meeting Mostar, dated 10-11-12, in English and local language
- Minutes LR Meeting Mostar, dated 10-11-12, in English and local language
- RSERC Comments on General Conclusions from Gap Analysis, dated 10-12-12, in English and local language
- General conclusions gap analyses - RSERC comments, dated 10-12-12 - REAP response, in English and local language
- Cover letter for Memo to Brcko re unbundling, dated 10-24-12, In English and local language
- Memo REAP to Brcko re unbundling draft, dated 10-14-12, in English and local language
- MOFTER to COM re MC decisions Oct 2012, dated 10-22-2012, in English and local language
- Cover letter for MOFTER re MC Decision, dated 10-22-12, in English and local language
- Invitation to Joint Regulator Meeting, dated 10-18-12, in English and local language
- Invitation REAP to LR Subgroup re Workshop, dated 10-18-12, in English and local language
- REAP Comments on FBiH Electricity Law, dated 10-26-12, in English and local language
- Facts on Transco REAP to USAID, dated 11-02-12, in English language only
- Presentation Three regulatory Commission Meeting Trebinje, dated 11-6-2012, in English and local language
- REAP Twenty-second Quarterly Report, dated 11-7-2012, in English language only
- Presentation on Data analysis – Conclusion, dated 11-19-2012, in English and local language
- Draft Agenda CS Workshop, dated 11-16-12, in English and local language
- Invitation for CS Workshop, dated 11-9-12, in English and local language
- Presentation Data Analysis - How to Calculate, dated 10-11-12, in English and local language
- Invitation for LR Workshop, dated 11-21-12, in English and local language
- Agenda Case Study Workshop Vlastic, dated 12- 5 & 6-2012_in English and local language
- Bosnia - Gap Analysis, dated 11-27-12, in English and local language
- Case Study Workshop - John Gulliver, dated 12-3-12, in English and local language
- Case Study Workshop – Deborah Shaw - Batch 1&2, dated 12-3-12, in English and local language

- Case Study Workshop – Deborah Shaw - Batch 3, dated 12-3-12, in English and local language
- Case Study Workshop – Hierarchy of Documents, dated 12-3-12, in English and local language
- Case Study Workshop – Conclusions, dated 12-4-2012, in English and local language
- Introductory Remarks - Mirsad Salkic- Vlastic, dated Dec 2012, in English and local language
- Press Release Case Study Workshop Vlašić, dated 12-6-12, in English and local language
- Agenda_LR Teslic, dated 12-19-12, in English and local language
- LR_Workshop_Teslić_-_Fidalgo-Portuguese Experience_local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Fidalgo-Analysis of Guidelines_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Fidalgo-Analysis of EP Reports_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Ognjen-International Practice_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Ognjen-Overview_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Tatjana-Load Research Guidelines_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Tatjana-Load Research Process_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_Tatjana-Load Research Process_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_EPBiH Presentation_ local, dated 12-19-12, in local language only
- LR_Workshop_Teslić_-_EPRS Presentation_ local, dated 12-19-12, in local language only
- LR_Workshop_Senad Aganović_-_Proposal_ local, dated 12-19-12, in local language only
- LR Workshop - Using_load_profiles, in English language only
- Load Research Workshop Teslic – Conclusions, in English and local language

V. ANTICIPATED ACTIVITIES FOR THE FOLLOWING QUARTER

BiH energy sector fully integrated into the regional market and the EU

REAP will develop a Work Plan for 2013, consisting of four main activities:

- Continue to lead the Load Research Subgroup to facilitate the power utilities' carrying out load research activities and provide inputs to the regulatory commissions for eventual tariff redesign.
- Lead the Case Study Subgroup in considering five key areas: (i) Metering, (ii) Billing and Collection, (iii) Contracts, (iv) DSO as the neutral retail market facilitator, (v) Balancing Settlement and Load Profiling.
- Implement the Regulatory Partnership.
- Provide technical assistance to the State Ministry for Foreign Trade and Economic Relations.

In the following quarter REAP plans to carry out the following:

- The Load Research Subgroup:
 - Analyze conclusions from the Workshop held in December, 2012, and propose solutions and further activities to implement them.
 - Follow up power utilities' activities in implementing load research measurements.
 - Call a Load Research Subgroup meeting to discuss the power utilities' results from the load research metering process and REAP's consultants' proposals to implement conclusions and recommendations from the Workshop.
- The Case Study Subgroup:
 - Prepare scopes of work for additional technical assistance to analyze processes and roles and propose changes if needed, related to (i) Metering, (ii) DSO as the neutral retail market facilitator, and (iii) Retail Market Balancing Settlement and Load Profiling. REAP will also work with current technical assistance to prescribe processes in regard to Information Sharing and Billing and Collection issues as well as draft a supply contract and a contract on the use of the network (third party access). REAP also plans to establish five Task Forces to work on the development of missing processes.
- Regulatory Partnership: Once arrangements for the Regulatory Partnership by USAID and NARUC are completed, an agreed Work Plan will be signed and the first exchanges executed.
- Technical assistance to the State Ministry for Foreign Trade and Economic Relations:
 - Continue assisting MOFTER to coordinate activities on the development of the Wholesale Regional Electricity market.
 - Assist MOFTER to initiate efforts with the Entity ministries and monitor the implementation of the Energy Community Ministerial Council decisions.
 - State Gas law: If and when requested, REAP will assist MOFTER, the two entity ministries and BiH Gas in development of the State and FBiH gas laws and changes to the RS Gas Law.
- FBiH Draft Electricity Law: REAP will analyze the final version of the Draft Electricity Law for the FBiH and send comments and suggestions to FMERI.

Restructured and commercialized energy companies

- Restructuring of public power utilities: If and when requested, REAP will continue its assistance to the Federation Ministry of Energy, Coal and Industry on the development of the energy policy and adoption of the new draft electricity law to ensure a framework for restructuring of public power utilities is prepared.
- REAP will follow up the Public Utility Brcko District activity to restructure the company to meet the Energy Community Treaty requirement.

VI STATUS OF ACTIVITIES AS DEFINED IN WORK PLAN

TASK OBJECTIVE 1: FULLY INTEGRATED ENERGY SECTOR INTO THE REGIONAL AND EU MARKETS

In the reporting quarter, REAP focused primarily on the two Market Working Group active subgroup activities: the Load Research Group and the Case Study during the reporting period. Efforts were also directly towards assisting the two Entity regulators on their draft rule revisions

on the eligible customer, which would include the Default Supplier structure. Also, since the last election repopulated the political landscape, REAP also had a series of meetings to see whether a State Gas Law is possible at this time. Finally, additional assistance was given to MOFTER, particularly in the area of the Energy Community Secretariat's Annual Report.

KRA 1. Harmonize regulatory work of the three commissions to enhance performance of the market.

KRA 1.1. Assist regulators to further harmonize rules that strengthen market regulation.

- REAP attended the Joint Regulator Meeting and made a presentation on "Market Opening in BiH and Inclusion of the Regional Electricity Market in the SEE (Current Status, Obligations From the Energy Community Treaty, Perspectives)."

KRA 1.2. Assist regulators to refine the model and revise the rules on tariff methodology to be more cost-based.

KRA 1.3. Assist regulators to issue or amend regulations to meet EC Treaty requirements.

KRA 1.4. Assist regulators as necessary to adapt to changing demands.

KRA 1.5. Provide assistance in drafting commercialized contracts for an open market.

KRA 2. Technical and regulatory preparation for market opening.

KRA 2.1. Advise and assist regulators' implementation of recommendations in the market opening policy paper to eliminate impediments.

KRA 2.1.1. Advise regulators on further development of policy paper. As requested, consult with Ministries on same.

KRA 2.1.2. Advise and assist regulators to revise licensing rules to accommodate market opening.

KRA 2.1.3. Assist regulators to require and EPs to implement load research.

- REAP prepared and presented the Guidelines on Data Analysis and international practice at a Load Research Subgroup meeting. The four power utilities informed the Subgroup on their recent achievement in the Load Research process.
- A REAP Workshop on Load Research took place on December 20 and 21, 2012 with 51 participants attending. In the two-day session REAP and its technical assistance and the EP representatives delivered their presentations addressing the Load Research Guidelines developed by REAP and the Subgroup. The utilities presented the work they carried

out so far, while REAP and technical assistance commented on international practice in the use of the load research results and recommendations for EPs after analysis of the EP written reports on load research implemented in their respective companies. At the end of the Workshop, USAID REAP presented the conclusions and recommendations for next steps.

- REAP also prepared the printed version of the Guidelines for Load Research and distributed them to all participants in the Workshop, as well as to all EPs and regulatory commissions for their libraries.

Advise and assist ministries on talks needed to remove impediments to market opening:

KRA 2.1.4. Lead Case Study effort, consisting of open market base case and scenarios.

- REAP and its technical assistance finalized the gap analysis report, which is structured to address the legal and regulatory framework and processes related to each of the seven market operations for all three BiH jurisdictions (the Brcko District, Federation and Republika Srpska), followed by an assessment and recommended measures for each Commission to fill identified gaps.
- REAP organized a Workshop on Market Processes that took place on December 5 and 6, 2012; 56 attendees attended the Workshop. REAP experts and REAP and its technical assistance consultants delivered presentations and organized two Break-out Sessions. In concluding remarks, REAP addressed the most important areas in rules and laws that should be clarified/improved/changed and developed in order to make them supportive of market entry of a new independent supplier.
- After the workshop REAP developed a plan to perform all activities which will ensure the implementation of the Workshop conclusions. This work plan envisages close work between REAP and its consultants and the regulatory commissions' representatives.
- REAP prepared a document on the unbundling of the Distribution department of the smallest utility in BiH and potential unbundling steps.

KRA 2.1.5. Assist/lead Market Working Group.

KRA 2.1.5.1. Lead and assist sub-group on assessment of World Bank Wholesale Market Study and its implementation in BiH.

KRA 2.1.5.2. Lead and assist sub-group on extension of transition period.

KRA 2.1.5.3. Lead/assist sub-group on Supplier of Last Resort (SOLR).

KRA 2.1.5.4. Lead /assist sub-group on Default Supplier (DS).

Please see KRA 2.1.5.2.

- KRA 2.1.6. Advise regulators to create policy and requirements on new metering system to meet market opening requirements.
- KRA 2.1.7. Research regional and EU best practices on ancillary services and balancing.
- KRA 2.2. Advise and assist ministries on tasks needed to remove impediments to market opening.
- REAP identified the major deviations in the new Federation Draft Electricity Law reintroduced for final passage in the Federation Parliament in comparison to the previous draft and non-compliance with the Treaty and sent a letter to FMERI proposing amendments to the draft law in accordance to the REAP findings.
- KRA 2.2.1. Assist MOFTER to communicate BiH position on wholesale market and market operator to ECRB and the Secretariat.
- KRA 2.2.2. Develop road-map on regional and local day ahead market (DAM) if BiH accepts the concept.
- KRA 2.2.3. Advise and assist MOFTER and regulators on the establishment of the regional Coordinated Auction Office (CAO).
- KRA 2.2.4. Advise and assist FMERI with regard to new Federation Electricity Law.
- KRA 2.2.5. If Federation drafts a Federation Gas Law, REAP will assist as requested.
- KRA 2.2.6. Advise and assist Ministries and regulators on needed legislation and amendments for market opening.
- KRA 2.2.7. Assist MOFTER and EPs in the revision of the Procurement Law to allow operational trading of electricity.
- REAP discussed the Procurement Law with two EPs who reiterated their interest that the law to be changed.
 - REAP analyzed the draft revised Procurement Law and found that Article 11 of this Law exempts electricity trading from the public procurement procedures.
- KRA 2.3. Assist regulators to adapt to changing demands, when necessary.
- KRA 2.3.1. Assist FERC to implement regulatory policy.
- KRA 2.4. Advise industrial and commercial customers on the status of market opening.

KRA 2.5. Organize a closing conference on the status of the electricity market in BiH.

KRA 3. Assist and advise MOFTER with regard to the State Gas Law.

KRA 3.1. Advise and assist if requested with further developments on drafting State Gas Law.

KRA 4. Strengthen the State Government's role in the energy sector to facilitate BiH speaking with one voice in the internal and international liberalization of the energy sector.

KRA 4.1. Perform written analysis of Third Liberalisation Package.

KRA 4.1.1. If the Energy Community requires compliance with the Third Package, develop a road map to implement it.

KRA 4.2. Follow all activities in BiH Electric Power Sector.

KRA 4.3. Monitor decisions made by Energy Community and update implementation.

KRA 4.4. Advise and assist MOFTER to undertake actions to implement new obligatory decisions made by the Energy Community Ministerial Council.

- REAP analyzed the Ministerial Council decisions and, based on this analysis, proposed actions to be taken by MOFTER in order for BiH to implement them. To this end, REAP drafted documents and sent them to MOFTER for further action. MOFTER staff accepted REAP's proposal and recommended that the Minister submit it to the State Council of Ministers for further action. REAP was informed by the MOFTER representative that the Minister accepted this initiative and signed and submitted the documents to the Council of Ministers.

KRA 5. Initiate regulatory partnership in cooperation with NARUC that will pair the three BiH regulators with a U.S. regulatory commission.

KRA 5.1. Advise and assist NARUC, USAID and the regulators in the organization of the partnership.

- REAP commenced preparatory work for the regulatory partnership. As a first step, REAP updated a budget and developed a draft work plan.

KRA 5.2. Coordinate the partnership.

TASK OBJECTIVE 2: RESTRUCTURED AND COMMERCIALIZED ENERGY COMPANIES

KRA 1. Assist as necessary and when requested in restructuring and commercialization of energy companies.

- KRA 1.1. Advise and assist FMERI to develop energy policy that prescribes unbundling deadline for the Federation EPs.
- KRA 1.2. Comment on the EPs' draft restructuring documents, as requested.
- KRA 1.3. Assist and advise EPs to develop and implement processes that ensure every unbundled company receives revenue that reflects its costs.

VII STATUS OF OVERALL PROJECT PROGRESS PER IMPACT INDICATORS

No	Indicator	Achieved Units of Measurement in this Quarter	Cumulative Total Fiscal Year 2013
1.	Clean Energy related measure	22	22
2.	Number of policy reforms/laws/regulations/administrative procedures drafted and presented for public/stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	15	15
3.	Number of days of technical assistance trade and investment environment provided to counterparts or stakeholders	80	80
4.	Number of days of USG funded technical assistance in technical energy fields provided to counterparts or stakeholders	62	62
5.	Number of new legislative, policy reforms and regulatory practices initiated to strengthen economic governance at all levels	6	6
6.	Number of public sector officials trained with USG assistance	107	107
7.	Support for International Standards	-	-

VIII OVERALL TASK PROGRESS CHART

ACTIVITIES & DELIVERABLES Scheduled For This Period	PROGRESS TO DATE		
	Completed	In Progress	Deferred
Contract signature and authorization to start work	•		
Inception meetings with USAID CTO, March; project briefing with USAID Mission BiH	•		
Install REAP systems and equipment in local office	•		
Introduce project to the stakeholder	•		
Review and finalize Annual Work Plan and PBMS with USAID performance indicators with CTO	•		
PBMS and R-4 reporting to USAID	•		
Annual and Completion Reports	•		
Demobilization Plan		•	
TO 1: BIH ENERGY SECTOR FULLY INTEGRATED INTO THE REGIONAL MARKET AND THE EU			
KRA 1. Harmonize regulatory work of the three commissions to enhance performance of the market.		•	
KRA 1.1. Assist regulators to further harmonize rules that strengthen market regulation.		•	
KRA 1.2. Assist regulators to refine the model and revise the rules on tariff methodology to be more cost-based.		•	
KRA 1.3. Assist regulators to issue or amend regulations to meet EC Treaty requirements.		•	
KRA 1.4. Assist regulators as necessary to adapt to changing demands.		•	
KRA 1.5. Provide assistance in drafting commercialized contracts for an open market.		•	
KRA 2. Technical and regulatory preparation for market opening.		•	
KRA 2.1. Advise and assist regulators' implementation of recommendations in the market opening policy paper to eliminate impediments.		•	
KRA 2.1.1. Advise regulators on further development of policy paper. As requested, consult with Ministries on same.		•	
KRA 2.1.2. Advise and assist regulators to revise licensing rules to accommodate market opening.		•	
KRA 2.1.3. Assist regulators to require and EPs to implement load research.		•	

KRA 2.1.4. Lead Case Study effort, consisting of open market base case and scenarios.

KRA 2.1.5. Assist/lead Market Working Group.

KRA 2.1.5.1. Lead and assist sub-group on assessment of World Bank Wholesale Market Study and its implementation in BiH.

KRA 2.1.5.2. Lead and assist sub-group on extension of transition period.

KRA 2.1.5.3. Lead/assist sub-group on Supplier of Last Resort (SOLR).

KRA 2.1.5.4. Lead /assist sub-group on Default Supplier (DS).

KRA 2.1.6. Advise regulators to create policy and requirements on new metering system to meet market opening requirements.

KRA 2.1.7. Research regional and EU best practices on ancillary services and balancing.

KRA 2.2. Advise and assist ministries on tasks needed to remove impediments to market opening.

KRA 2.2.1. Assist MOFTER to communicate BiH position on wholesale market and market operator to ECRB and the Secretariat.

KRA 2.2.2. Develop road-map on regional and local day ahead market (DAM) if BiH accepts the concept. [See KRA 2.1.5.1.]

KRA 2.2.3. Advise and assist MOFTER and regulators on the establishment of the regional Coordinated Auction Office (CAO).

KRA 2.2.4. Advise and assist FMERI with regard to new Federation Electricity Law.

KRA 2.2.5. If Federation drafts a Federation Gas Law, REAP will assist as requested.

KRA 2.2.6. Advise and assist Ministries and regulators on needed legislation and amendments for market opening.

KRA 2.2.7. Assist MOFTER and EPs in the revision of the Procurement Law to allow operational trading of electricity.

KRA 2.3. Assist regulators to adapt to changing demands, when necessary.

KRA 2.3.1. Assist FERC to implement regulatory policy.

KRA 2.4. Advise industrial and commercial customers on the status of market opening.

KRA 2.5. Organize a closing conference on the status of the electricity market in BiH.

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