

Pursuant to Articles 4.1, 4.2, 5.3 and 9.7 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina ("Official Gazette of BiH", 7/02, 13/03, 76/09 and 1/11), Article 36 of the Rules of Procedure of the State Electricity Regulatory Commission ("Official Gazette of BiH", number 2/05) and the application filed by the Independent System Operator in Bosnia and Herzegovina, number: 3492-1/14 of 16 December 2014, at the session held on 30 December 2014, the State Electricity Regulatory Commission adopted a

DECISION

ON DRY-RUN PERIOD FOR APPLICATION OF IMPLEMENTING RULES AND PROCEDURES FOR THE PROVISION OF ANCILLARY SERVICES AND BALANCING OF THE POWER SYSTEM OF BOSNIA AND HERZEGOVINA

I

The dry-run period referred to in Article 15, paragraph (1) of the Decision on a temporary regime for the provision of ancillary services and balancing of the power system of Bosnia and Herzegovina ("Official Gazette of BiH", 92/14) shall last no longer than 31 May 2015.

II

By the given deadline, the Independent System Operator in Bosnia and Herzegovina (ISO BiH) shall fulfil all prerequisites for an effective application of the Decision on a temporary regime, including publishing implementing rules and procedures, putting the automated meter reading system (AMR system) into full operation, purchasing required tools and training the staff.

III

Before the commencement of effective application, the ISO BiH shall conduct the procurement of required secondary and tertiary reserve capacity, while SERC shall set tariffs for system services and other numerical values as stipulated by the Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services – consolidated version ("Official Gazette of BiH", 93/11 and 61/14).

IV

The ISO BiH and market participants shall monitor all solutions provided for by implementing rules and procedures for the provision of ancillary services and balancing of the BiH power system. The ISO BiH shall promptly remove shortcomings observed in the provision of ancillary services and balancing of the BiH power system.

V

During the dry-run period, the ISO BiH shall submit regular monthly reports on the application of the Decision on a temporary regime to SERC.

VI

This Decision shall enter into force on the day of the adoption and shall be published in the "Official Gazette of BiH".

Number: 04-28-7-369-8/14
30 December 2014
Tuzla

Chairman of the Commission
Nikola Pejić

Statement of Rationale

On 26 March 2014, the State Electricity Regulatory Commission adopted *the Decision defining a concept of ancillary services for the balancing of the power system of Bosnia and Herzegovina* (hereinafter: the Concept).

At the same time, a Conclusion to adopt a Plan of Activities on the implementation of the Concept and a Conclusion to initiate activities on adoption of new market rules and preparation of additional procedures and rules required for implementation thereof were adopted to enable the commencement of the effective application of solutions provided for by the Concept as of 1 January 2015.

Following adoption of the mentioned set of documents, the dynamics of planned activities was seriously disturbed. Although amendments to the *Tariff Pricing Methodology for services of electricity transmission, operation of ISO and ancillary services* were made in a timely manner (16 July 2014), significant slowing down of the dynamics, even a total stalemate in other activities, made the realisation of subsequent phases impossible, such as timely implementation of the dry-run, procurement of secondary and tertiary reserves, adoption of a decision on system services etc.

With a view to overcoming the existing situation and total stalemate in the implementation of the Plan of activities, on 18 November 2014, SERC adopted the *Decision on a temporary regime for the provision of ancillary services and balancing of the BiH power system*. The Decision provides for a dry-run of implementing rules and procedures until 31 December 2014 before the effective application of the Decision, with a possibility to prolong the dry-run period at the request of the ISO.

In the request of 16 December 2014, the ISO BiH estimated that 1 June 2015 may be accepted as an approximate deadline for the commencement of the effective application of the Decision. Accepting the request of the ISO BiH to prolong the dry-run period, SERC adopted the *Decision on dry-run period for application of implementing rules and procedures for the provision of ancillary services and balancing of the BiH power system*.