

Pursuant to Article 4.2, 4.7 and 7 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BiH 7/02, 13/03, 76/09 and 1/11), Article 36 of the Rule of Practice and Procedure of the SERC (Official Gazette of BiH, 2/05) and Article 16 the Licensing Rule – consolidated version (Official Gazette of BiH, 63/16), the State Electricity Regulatory Commission, at the session held on 13 March 2018 rendered a

DECISION
ON ISSUANCE OF LICENCE FOR INTERNATIONAL ELECTRICITY TRADING
ACTIVITY

1. The licence shall be issued to the Company Vitol Adriatik d.o.o. Sarajevo for performance of the international electricity trading activity.
2. The licence referred to in Item 1 of this Decision shall be issued for the period from 24 March 2018 to 23 March 2020 and used pursuant to the Standard licensing conditions for performance of the international electricity trading activity (Official Gazette of BiH, 14/16).
3. This Decision shall come into force on the day of adoption and the statement of the Decision shall be published in the Official Gazette of BiH and official gazettes of the Entities.

Statement of Rationale

The Company *Vitol Adriatik* d.o.o. Sarajevo (hereinafter: the applicant) is a holder of the temporary license for the international electricity trading activity, recorded in the License Register of this Commission under registration number: 05-28-12-357-18/15 of 24 March 2016, expiring on 23 March 2018.

In accordance with the right to use a possibility of renewing a license and fulfilling the obligation referred to in Article 48 of the Licensing Rule - consolidated text (Official Gazette of BiH, 63/16), to express its intention to continue to perform the international electricity trading activity no later than 120 days before the expiry of the term of the existing license, the licensee filed an application for the granting of a new license that was registered under number: 05-28-12-400-1/17 of 24 November 2017. The application filed will be decided upon pursuant to SERC rules and regulations and Article 7 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BiH, 7/02, 13/03, 76/09 and 1/11).

The application was submitted in a timely manner, on the prescribed forms with a proof of previously paid application fee and relevant documents which enabled SERC to understand consider and decide upon the submitted application of which SERC informed the applicant accordingly by its act number: 05-28-12-400-3/17 of 11 December 2017.

Having reviewed and checked all the formal elements of the application, first of all on 15 December 2017 SERC published a short public notice in daily newspapers and on its web site, summarising the application and determining the deadline for submission of public comments on the submitted license application until 22 December 2017.

SERC concluded that the public had not submitted any comment on the application filed for the issuance of license nor had any person expressed the interest to participate in the procedure in the capacity of the intervener upon the SERC public invitation.

The applicant fulfils *de jure* all the criteria, conditions and standards prescribed by law and SERC rules and regulations to perform international trade in electricity. However, when issuing a decision on renewal of the licence and the term thereof in particular, SERC pays due attention to the assessment of the results of monitoring of all aspects of business operations in the previous period. During the process of monitoring of compliance with conditions and criteria for performance of the international electricity trading activity during the term of the previous licence, some elements were observed indicating to SERC that the applicant's financial status should be under permanent scrutiny. Furthermore, this obligation was also imposed by the fact that the applicant did not perform the licensed activity in the previous year. In addition, the elements observed during the monitoring process also require continuous assessment of ensured resources and organised conditions for performance of the relevant activity.

The aforementioned results of monitoring of all aspects of compliance of the applicant's present activities with the conditions and criteria for performance of the activity of international electricity trading, provided SERC with the basis, pursuant to Article 5, paragraph 4 of the Licensing Rule, to initiate the renewal of the temporary license, i.e. to prepare a draft Decision according to which the licence would be valid again for two years and used pursuant to the Standard licensing conditions for performance of the international electricity trading activity.

As of 19 January 2018, this document was made available to the applicant as well as all other interested members of the public who were also provided with an opportunity to give their comments during a general public hearing held on 24 January 2018 at the SERC seat in Tuzla preceded by publication of an adequate notice in daily newspapers and publication of the document on the SERC web site.

As even on the last occasion until 5 February 2018 following the SERC letter number: 05-28-12-400-14/17 of 29 January 2018, the applicant did not point out any disagreement with any provision of the prepared decision, there were sufficient grounds to conclude that it was considered that the SERC's proposal was prepared in accordance with the Law on Transmission of Electric Power, Regulator and System Operator of BiH and secondary legislation dealing with the matters concerned.

In accordance with the aforementioned and also taking into account the evidence that the applicant is a holder of the second tier license for performance of the electricity supply activity in the territory of Bosnia and Herzegovina granted by the Regulatory Commission for Energy in the Federation of BiH which is valid until 14 March 2023, SERC decided as provided in the statement of this Decision.

Pursuant to Article 9.2 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina, proceedings may be initiated before the Court of Bosnia and Herzegovina by filing a lawsuit within sixty (60) days from the day of receiving this decision.

Number: 05-28-12-400-17/17

Chairman of the Commission

13 March 2018

Tuzla

Nikola Pejić