

Pursuant to Article 4.2 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) and Article 36 of the Rules of Procedure of the State Electricity Regulatory Commission (Official Gazette of BiH, 2/05), at the session held on 3 March 2016, the State Electricity Regulatory Commission adopted

## **DECISION**

### **APPROVING THE INVESTMENT PLAN FOR 2016**

1. The Invest Plan of Elektroprenos BiH (Company for Transmission of Electric Power in Bosnia and Herzegovina) a.d. Banja Luka for 2016 shall be approved without item A-II-1-1 referring to construction of TS Stanari.

The total value of approved investments amounts to 276,789,416 BAM.

2. The Investment Plan shall include the structure and implementation schedule of planned investments with funding sources.

The value of individual investments and unit costs of equipment are not considered by SERC.

3. The Investment Plan shall be implemented in a transparent manner in line with procedures as laid down by the Law on Public Procurement

4. SERC shall monitor the implementation of the Investment Plan in line with its competences.

5. This decision shall come into force on the day of adoption and shall be published in the Official Gazette of BiH and official gazettes of the Entities and Brčko District BIH.

#### *Statement of Rationale*

Elektroprenos Bosne i Hercegovine adopted the Investment Plan for 2016 (hereinafter: the Investment Plan) by the decision of the Company's Steering Board number: 2-UO-04/2016 of 29 January 2016.

Taking into due account technical and economic planning criteria, the framework for plan development also included decisions and conclusions of the Board of Directors, Steering Board of the Company and the Assembly of Stakeholders, thus defining the criteria and relationships in the very investment structure. While developing the Investment Plan, the Investment Plan for the Period 2015-2017 and the Long-Term Transmission Network Development Plan for the Period 2015-2024, which was approved by the SERC decision number 05-28-16-068-3/16 of 3 March 2016, were used.

Applying the standard security criteria the Investment Plan was prepared in the function of realising the power balance on an annual basis.

The Plan includes activities on solving rigid points in the system, rehabilitation of transmission network facilities that are not operational and putting them into operation, completing 110 kV transmission line bays and replacement of power and network transformers in accordance with defined criteria.

By application of the standard ( $n-1$ ) power system security criterion, the Plan included necessary system enhancements and took into account the requirements resulting from the exploitation and maintenance process and the defined lifespan of equipment. The Plan dynamically defines the implementation of activities within the shortest possible deadline taking into consideration available funding and realistic limitations in a large number of parallel investments.

The basic criterion for the transmission network development planning in the BIH power system is the minimization of total costs (investment and exploitation) while meeting the system security requirement.

While considering the Investment Plan for 2016, due to lack of data SERC did not take into account Item A-II-1-11 pertaining to construction of TS Stanari. Consequently, Item A-II-1-11 amounting to 6,000,000 BAM was not approved by this Decision.

In addition to investments in the power equipment, for the functional needs of the Company it is planned to implement a business-information system, a single telecommunication system and document management system (DMS), a digital signature system, and reconstruction and equipping of business buildings, purchase of required equipment, vehicles, tools etc.

According to the submitted Investment Plan for 2016, the value of total investments amounts to 282,789,416 BAM, of which total deposit money of the Company amounts to 271,229,477 BAM, labour component for the Company's own needs amounts to 5,265,523 KM, previously provided equipment and material amount to 4,887,416 BAM while the connection charge, that is, its variable part, amounts to 1,407,000 BAM. Total deposit money in 2016 includes transferred funds according to the Investment Plan for 2015 amounting to 242,360,524 BAM of which contracted funds amount to 68,523,466 BAM, funds for investment projects with ongoing procurement procedures amount to 56,400,000 BAM, funds for investment projects with procurement procedures in a preparatory phase amount to 7,917,908 BAM and non-contracted funds available for contract funding amount to 109,519,150 BAM. Deposit money based on free depreciation in 2016 amounts to 28,868,953 BAM.

Available investment funds in 2016 amount to 138,388,103 BAM.

The State Electricity Regulatory Commission did not consider either the value of individual investments or unit costs of equipment and works included in the Plan as it expects its transparent implementation pursuant to procedures as laid down by the Law on Public Procurement. SERC will monitor the Investment Plan implementation in line with its competences.

Number: 05-28-16-75-2/16

3 March 2016

Tuzla

Chairman of the Commission

Milorad Tuševljak