



L I C E N S A

ZA OBAVLJANJE DJELATNOSTI
PRIJENOSA ELEKTRIČNE ENERGIJE

Л И Ц Е Н Ц А

ЗА ОБАВЉАЊЕ ДЈЕЛАТНОСТИ
ПРЕНОСА ЕЛЕКТРИЧНЕ ЕНЕРГИЈЕ

Registarski broj licence Регистарски број лиценце	05-28-12-341-20/12
Datum izdavanja licence Датум издавања лиценце	17.1.2013.
Naziv vlasnika licence Назив власника лиценце	“Elektroprijenos Bosne i Hercegovine” акционарско друштво Бања Лука “Електропренос Босне и Херцеговине” акционарско друштво Бања Лука
Adresa vlasnika licence Адреса власника лиценце	Banja Luka, Marije Bursać 7a Бања Лука, Марије Бурсаћ 7а
Porezni broj vlasnika licence Порески број власника лиценце	402369530009
Period važenja licence Период важења лиценце	1.2.2013. - 31.1.2023.

Predsjedavajući Komisije/Predsjedatelj Komisije/Предсједavajuћи Комисије

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LICENSING CONDITIONS FOR PERFORMANCE OF THE ELECTRICITY TRANSMISSION ACTIVITY

Registration number of the license: 05-28-12-341- 20/12

Name of the licensee: “Elektroprijenos Bosne i Hercegovine” Joint Stock Company Banja Luka

1. General Provisions

1.1 This license shall be issued in accordance with the Licensing Rule (“Official Gazette of BiH”, No. 38/05), and based on the application no. 05-28-12-341/12 of 26 September 2012 filed by “Elektroprijenos Bosne i Hercegovine” Joint Stock Company Banja Luka.

1.2 The license shall be issued for the period from 1 February 2013 to 31 January 2023.

2. Performance of Licensed Activity

2.1 The licensee shall be authorized to perform the licensed activity in compliance with the provisions of the Law on Transmission of Electric Power, Regulator and System Operator in Bosnia and Herzegovina (“Official Gazette of BiH”, No. 7/02, 13/03, 76/09 and 1/11), Law Establishing the Company for the Transmission of Electric Power in Bosnia and Herzegovina (“Official Gazette of BiH”, No. 35/04, hereinafter: TRANSCO Law) as well as the activities defined by the license. This right shall be granted exclusively to the licensee.

2.2 The licensee shall perform the electricity transmission and transmission related activities utilizing facilities as given in the annex to this license (Annex 1-tabular overview of facilities of the licensee used for performance of the licensed activity). On an exceptional basis, the electricity transmission and electricity transmission activities shall be performed using the facilities that are not owned by the licensee (Annex 2-tabular overview of facilities that are not owned by the licensee but are necessary for performance of the licensed activity).

The licensee shall list in a separate annex the transmission facilities that are not owned by the licensee and are not in the function of electricity transmission in BiH (Annex 3-tabular overview of facilities that are not owned by the licensee and are not in the function of electricity transmission in Bosnia and Herzegovina).

2.3 Unless having an exclusive approval by the State Electricity Regulatory Commission (SERC), the licensee shall be forbidden to perform the activities of generation, supply, trade in or distribution of electricity, or any other activity outside the scope of transmission or transmission related activity, in accordance with the TRANSCO Law.

2.4 Obligations defined by the license shall not minimize other obligations of the licensee defined by the law.

3. Obligations and Rights of the Licensee

- 3.1 The licensee shall be obligated to maintain compliance with the general and specific criteria stipulated by the Licensing Rule based on which the license has been granted and to provide SERC with the relevant evidence accordingly.
- 3.2 The licensee shall be obligated to regularly, or upon a request of SERC, submit financial reports in the form and the scope as specified by this license or by the request of SERC.
- 3.3 The licensee shall be obligated to keep accounting books and prepare financial reports in accordance accounting standards applicable in Bosnia and Herzegovina as well as in accordance with rules prescribed by SERC.
- 3.4 The licensee shall be obligated to comply with all national regional and international regulations pertaining to electricity transmission both from technical and commercial aspects and follow developments in the Energy Community. Prior to harmonizing its operation with any changes of national, regional or international commercial or technical requirements related to electricity transmission, the licensee shall be required to report such changes to SERC and obtain approval by SERC therefor.
- 3.5 The licensee shall be obligated to implement the regulations in order to harmonize technical operation of the transmission network with the requirements and standards of ENTSO-E (European Network of Transmission System Operators for Electricity).
- 3.6 The Licensee shall be obligated to comply with the applicable regulations related to quality of services as well as the regulations in this filed issued by SERC.
- 3.7 The licensee shall actively participate in the Technical Committee established by ISO BiH as well as its working groups which will work on establishing proposals of changes and amendment to technical standards, the Grid Code and Market Rules in accordance with general conditions of the Grid Code and Market Rules.
- 3.8 The licensee shall be obligated to perform its transmission activities and transmission-related activities fully in accordance with ISO BiH technical standards, operational planning, dispatching instructions, maintenance plan, network expansion plans and to comply with the Market Rules and Grid Code.
- 3.9 The licensee shall not be allowed to carry out any anti-competitive activities, misuse its position or manipulate the electricity market.
- 3.10 The licensee shall be obligated to treat market participants in a fair and non-discriminatory manner.
- 3.11 The licensee shall appoint its representatives to the Technical Committee and working groups (technical commissions) in accordance with the Grid Code, Market Rules and the Rule of Technical Commission Operation, and they shall be appointed with the aim to modify the Grid Code and Market Rules.
- 3.12 The licensee shall be obligated to comply with the decisions of ISO BiH when under exigent circumstances which require undertaking of emergency measures, the

Grid Code or the Market Rules are modified, in accordance with the law and the ISO BiH license.

- 3.13 The licensee shall be obligated to comply with the measures issued by the SERC or the Ministry of Foreign Trade and Economic Relations in case of a natural disaster or any other event causing consequences affecting general safety and security.
- 3.14 The licensee shall be obligated to comply with all provisions of the applicable international agreements and treaties signed by Bosnia and Herzegovina pertaining to international trade, including, but not limiting to, applicable rules relating to cross-border electricity trade.
- 3.15 The licensee shall be obligated to provide equal access to the transmission network for all electricity suppliers having a physical access to the system and shall be obligated to follow the applicable rules for access to the system.
- 3.16 The licensee shall be obligated to comply with applicable tariffs and the Rule on Tariff Proceedings (“Official Gazette of BiH”, No. 44/05) and the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of ISO and Ancillary Services (“Official Gazette of BiH”, No. 93/11).
- 3.17 The licensee shall be obligated to comply with all applicable technical standards and commercial codes.
- 3.18 The licensee may perform the transmission and transmission related activities in the neighboring electricity systems, providing that those activities are directly related to the improvement of the transmission activity, as well as all other transmission related activities in Bosnia and Herzegovina and neighboring electricity systems. The licensee shall be obligated to inform SERC of all activities it performs in the neighboring electricity systems. This notice must include the explanation justifying the engagement with the neighboring electricity systems.
- 3.19 The licensee shall be obligated to keep accounts for the transmission activity separately from other activities in the manner and within the scope as specified by this license and rules prescribed by SERC.
- 3.20 The licensee must not perform changes in the network influencing the compatibility of the network with the generators, distributors and neighbouring networks, as well as the facilities owned by third persons, endangering safety and security of supply.
- 3.21 The licensee shall be obligated, in accordance with the Grid Code, to manage, maintain (including repairs and replacements if needed) and protect its network in order to provide adequate, efficient, reliable and safe electricity transmission, taking into account the principle of cost-effectiveness and productivity of operations.
- 3.22 The licensee shall be obligated to plan the expansion and development of the system in order to satisfy consumer needs, while harmonizing development plans of its network with other networks and neighboring systems.

- 3.23 The licensee shall develop a long-term transmission network development plan for a ten-year period that also includes the issue of new interconnection lines. This plan shall be submitted to ISO BiH for review, endorsement and direct revision. The plan revised by ISO BiH shall be submitted to SERC for approval, and upon approval of SERC, it shall be published by ISO BiH. An indicative generation development plan shall be used as one of the bases to develop a long-term transmission network development plan.
- 3.24 The licensee shall be obligated to develop an annual investment plan based on the long term transmission network development plan, and submit it to SERC for approval by the end of November for the following year.
- 3.25 The licensee shall be obligated to design, construct and utilize facilities and lines, so that the effects of their utilization do not endanger the health of the population of the related area, which shall to the least possible extent modify the environment and the landscape value.
- 3.26 The licensee shall be obligated to comply with rules or standards related to the safety zone which shall be determined with the aim of protecting facilities and equipment of the transmission company, as well as the population.
- 3.27 The licensee must not abandon or modify the licensed activity or any transmission asset without prior approval of SERC.
- 3.28 The licensee shall be obligated to file an application for update of annexes to this license with the status on 31 December of the previous year if their content has been changed. When filing the application for update, the licensee shall be obligated to submit the certificate of occupancy including supporting documentation as well as an updated map of the power system. The licensee shall also inform SERC of all modifications of the license at the time of occurrence of modifications.
- 3.29 On its web-site the licensee shall be obligated to enable access to all relevant data on its activity which are needed by market participants or which are of public interest.
4. Monitoring of Performance of the Licensed Activities
- 4.1 SERC shall monitor performance of the licensed activities.
- 4.2 The Licensee shall be obligated to submit to SERC reports referred to in these conditions in the manner as stipulated by the Item 3.2 of these conditions.
- 4.3 SERC shall monitor all aspects of compliance of the licensee with the licensing conditions, as well as with all provisions of the relevant laws and SERC regulations.
- 4.4 SERC may initiate emergency proceedings in order to react to any reasonable doubt pertaining to violation of obligations from the license, at its own initiative or as a response to a request of any person.
- 4.5 SERC shall perform announced and unannounced inspections of the facilities and documents related to the licensed activities. SERC shall be entitled to access any licensee-owned or operated facilities, premises of the licensee, its equipment, documents, business records and archive in order to inspect the licensed activity. The

licensee shall provide all forms of assistance requested by SERC during the inspection.

4.6 The licensee shall inform SERC of any violation of the licensing conditions no later than seven (7) days after realizing that the violation has occurred.

5 Submission of Data and Reports

5.1 The licensee shall submit reports to SERC as defined in this section and reports upon a special request of SERC, in the manner and format prescribed by SERC.

5.2 No later than ninety (90) days after the completion of the fiscal year, the licensee shall submit its annual business report during that fiscal year. Audited financial report shall be distributed within 180 days upon the completion of the fiscal year.

5.3 By the end of January, the licensee shall submit to SERC an annual report for the previous year on the Company Management Board Members' personal interests in any other institution, whether by ownership or position, or any other personal interests, whether or not those interests would bring them into conflict with those of the Company, in accordance with Article 34 of the TRANSCO Law.

5.4 The licensee shall prepare and submit to SERC monthly business report containing, inter alia, report on realization of the maintenance plan, report on realization of the investment plan and report on contingency events, as well as report on operational readiness of facilities for the following month.

5.5 By the end of February, the licensee shall prepare and submit to SERC an annual report on activities for the previous year. The annual report shall include summarized monthly reports and an overview of transmission system operation in the previous year.

6 Renewal, Modification, Suspension or Revocation of the License

6.1 The licensee shall be obligated to file an application for renewal of the license pursuant to the deadline as defined by the Licensing Rule.

6.2 During the term of the license, it shall be possible to re-open the license upon a request of the licensee or at SERC initiative, in order to harmonize the licensing conditions due to the significant changes in law or factual circumstances.

6.3 Suspension or revocation of the license shall be performed under the conditions, in the cases and in the manner as stipulated by the Licensing Rule.

7 Regulatory Fee

7.1 The licensee shall be obligated to pay a regulatory fee during the term of the license in accordance with SERC decisions.

7.2 The licensee shall have the right to include the regulatory fee in its tariff which is approved by SERC.

8 Sanctions

8.1 Penalty provisions stipulated by law shall be applied if the licensee does not comply with the licensing conditions or law.

8.2 SERC may submit an administrative notice to the licensee on any violation, and may summon the licensee to an administrative settlement due to the violation of the license by the licensee before the penalty provisions are applied.

8.3 Prior to the application of the measure from Item 8.2, if the circumstances permit, SERC shall warn the licensee in writing, and shall determine deadlines for removal of shortcomings.

8.4 When determining sanctions, SERC may use the possibility of suspending or revoking the license pursuant to the Licensing Rule.

9 Dispute Resolution

9.1 Disputes related to application of the Licensing Rule shall be resolved in accordance with the SERC Rule of Practice and Procedure (“Official Gazette of BiH”, No. 2/05) and the Rule of Public Hearings (“Official Gazette of BiH”, No. 38/05) or any other appropriate manner which is in accordance with SERC rules.

9.2 The licensee may file a lawsuit against the SERC decision before the Court of Bosnia and Herzegovina, if it is not satisfied with the SERC decision.

9.3 If a lawsuit is filed by the licensee, the SERC decision shall remain in effect until the completion of the proceedings.

10 Provisions on Notification

10.1 The address of the licensee used for submission of notifications shall be: “Elektroprijenos Bosne i Hercegovine” a.d. Banja Luka, Marija Bursać Street no. 7a, Banja Luka.

10.2 The licensee may change the address used for submission of notifications, but SERC has to be informed of it in advance. It shall not be necessary to change the license in case the address for submission of notifications is changed.

11 Transitional and Final Provisions

11.1 With the issuance of this license the licenses number: 05-28-323-16/06 shall become null and void.

12 Annexes

12.1 Integral parts of the license shall be:

- Annex 1 – Tabular overview of facilities of the licensee used for performance of the licensed activity (lines, transformer stations, and switchyards),
- Annex 2 - Tabular overview of facilities that are not owned by the licensee but are necessary for performance of the licensed activity, and
- Annex 3-tabular overview of facilities that are not owned by the licensee and are not in the function of electricity transmission in Bosnia and Herzegovina.