



L I C E N S A
ZA AKTIVNOSTI
NEZAVISNOG/NEOVISNOG OPERATORA SISTEMA/SUSTAVA

Л И Ц Е Н Ц А
ЗА АКТИВНОСТИ
НЕЗАВИСНОГ ОПЕРАТОРА СИСТЕМА

Registarski broj licence Регистарски број лиценце	05-28-12-17-19/19
Datum izdavanja licence Датум издавања лиценце	27.6.2019.
Naziv vlasnika licence Назив власника лиценце	Nezavisni operator sistema u Bosni i Hercegovini Независни оператор система у Босни и Херцеговини
Adresa vlasnika licence Адреса власника лиценце	Sarajevo, ul. Hifzi Bjelevca br. 17 Сарајево, ул. Хифзи Бјелевца бр. 17
Matični broj vlasnika licence Матични број власника лиценце	4200777780003
Period važenja licence Период важења лиценце	12.7.2019. - 30.6.2026.

Predsjedavajući Komisije/Predsjedatelj Komisije/Председавајући Комисије

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Bosnia and Herzegovina
STATE ELECTRICITY REGULATORY COMMISSION

LICENCE CONDITIONS
FOR INDEPENDENT SYSTEM OPERATOR ACTIVITIES

Number: 05-28-12-17-20/19

Name of the licensee: "Independent System Operator in Bosnia and Herzegovina"

1. General Provisions

- 1.1. The licence for independent system operator activities is issued in accordance with the Licensing Rule – consolidated version (Official Gazette of BiH, 63/16), and based on application number: 05-28-12-17-1/19 of 10 January 2019 filed by the Independent System Operator in Bosnia and Herzegovina (ISO BiH).
- 1.2. The licence is issued for the period from 12 July 2019 to 30 June 2026.

2. Performance of Licensed Activity

- 2.1. The licensee shall be authorised to perform the licensed activity in compliance provisions 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), and the Law Establishing an Independent System Operator for the Transmission System in Bosnia and Herzegovina (Official Gazette of Bosnia and Herzegovina, 35/04, hereinafter: the ISO Law) as well as the activities defined by the licence. This right shall be granted exclusively to the licensee.
- 2.2. The licensee shall be forbidden to perform the activities of generation, supply, trade in or distribution of electricity or any other activity which is not permitted by the ISO Law.
- 2.3. Obligations defined by the licence shall not affect other obligations of the licensee which are defined in the legislation.

3. Obligations of the Licensee

- 3.1. The licensee shall be obligated to permanently work on fulfilment of the criteria stipulated by Article 26 and 29 of the Licensing Rule. Upon a request of SERC, the licensee shall be obligated to provide evidence on fulfilment of the specific criteria.
- 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 licence or by the request of SERC.
- 3.3. The licensee shall be obligated to keep accounting books and prepare financial reports in accordance with accounting standards applicable in Bosnia and Herzegovina as well as in accordance with regulations adopted by SERC.
- 3.4. Although the licensee is not authorised to directly participate in electricity trade, it shall be obligated to develop and implement regulations pertaining to international trade from both technical and commercial aspects, follow developments in the

European Union and the Energy Community related to international technical requirements pertaining to the electricity balancing market and harmonise its operation with these developments. Prior to harmonising its operation with any development of international commercial or technical requirements related to trade in electricity, the licensee is required to report such changes to SERC and obtain approval by SERC therefor.

- 3.5. The licensee shall be obligated to develop and implement the regulations harmonising technical operations of the transmission network with the requirements and standards of the European Network of Transmission System Operators for Electricity (ENTSO-E). The licensee shall report to SERC all changes in its technical operations and harmonise the Grid Code accordingly.
- 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. The licensee shall be obligated to monitor the quality of supply with regard to the voltage quality, that is, its compliance with the applicable standards.
- 3.7. The licensee shall be obligated to implement its activities and procedures, including development and implementation of the Market Rules and Grid Code in a transparent and non-discriminatory manner, in order to ensure high quality of services, improve development of competition and prevent anti-competitive activities.
- 3.8. The licensee shall be obligated to comply with provisions of Grid the Code and Market Rules.
- 3.9. The licensee shall be obligated to monitor the implementation of the Grid Code and Market Rules. The licensee shall consult technical committees in order to provide participants in the electricity market the opportunity to comment on any changes of the Grid Code or Market Rules. The ISO BiH shall inform the public about holding technical committee meetings. All technical committee meetings shall be open to all market participants. A proposal of changes to the Grid Code and Market Rules shall be submitted to SERC for approval. The licensee may develop a rulebook on the work of technical committees in order to organise their work without prejudice to the rights of market participants pertaining to their participation in the work of committees.
- 3.10. Under exigent circumstances requiring immediate action, The ISO BiH may temporarily implement changes to the Grid Code or Market Rules without prior consultation with the Technical Committee and SERC approval. The licensee shall inform SERC in a timely manner on existing exigent circumstances and measures taken.
- 3.11. The licensee shall ensure compliance with all its rules and procedures, which have been published and are available to all market participants or interested parties. A record shall be kept of all exceptions made either in contracting or in operations and the rationale therefor. A report on such exceptions shall be submitted to SERC on a monthly basis with regard thereto.
- 3.12. The licensee shall be obligated to ensure that the participants in transactions which are performed or enabled by the licensee have adequate licences issued by SERC, Regulatory Commission for Energy in Federation of Bosnia and Herzegovina (FERK) and/or Regulatory Commission for Energy of Republika

- Srpska (RERS). The licensee shall not perform or enable transactions for market participants who do not have adequate licences.
- 3.13. The licensee shall be obligated to comply with the decisions adopted in the tariff proceedings and the Rule of Tariff Proceedings (Official Gazette of BiH, 44/05) and the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of ISO and Ancillary Services – consolidated version (Official Gazette of BiH, 93/11, 61/14 and 95/16).
 - 3.14. The licensee shall be obligated to submit monthly reports to SERC on all issues pertaining to the implementation of the Inter-Transmission System Operator Compensation Mechanism (ITC mechanism-*Inter-TSO Compensation Mechanism*), as well as the implementation of the rules for allocation of cross-border transmission capacities.
 - 3.15. The licensee shall be obligated to continuously inform SERC of all activities related to the functioning of the European Network of Transmission System Operators for Electricity (ENTSO-E) including the activities at the level of the SHB Control Block (Slovenia, Croatia, Bosnia and Herzegovina) as well as the Coordinated Auction Office for South East Europe (SEE CAO) and the Security Coordination Centre (SCC) and submit their annual reports on activities and financial operations. Licensee's reports shall include the information on financial means used by the licensee to participate in the work of these institutions. The licensee shall continuously inform SERC about the composition of management structures of these institutions and any change of the licensee's statutory or financial obligations.
 - 3.16. The licensee shall be obligated to comply with all applicable technical standards and commercial codes. Any such technical or commercial practices may be expanded, abandoned or replaced only with SERC approval.
 - 3.17. The licensee shall, without prejudice to any legal duty to disclose information, preserve the confidentiality of commercially sensitive information obtained in the course of carrying out its business in accordance with the applicable legislation. Information disclosed regarding its own activities, which may be commercially advantageous, shall be made available in a non-discriminatory manner.
 - 3.18. The licensee shall be obligated to develop on an annual basis an Indicative Generation Development Plan for a ten-year period with data supplied by the generators, distribution system operators and end-customers directly connected to the transmission system. While developing the Indicative Generation Development Plan the licensee also uses the data of relevant ministries, regulatory commissions, commissions for concession, operators of renewable energy sources and other institutions. The licensee shall conduct a public hearing on a Proposal of Indicative Generation Development Plan. The Indicative Generation Development Plan shall be submitted to SERC for approval by the end of April for the following year. The licensee shall publish the approved Indicative Plan.
 - 3.19. The licensee shall be obligated to review, directly revise and approve a Long-Term Transmission Development Plan submitted by *Elektroprenos Bosne i Hercegovine* (Transmission Company) and inform SERC of all steps in a timely and comprehensive manner. The licensee shall organise a public hearing on the revised Long-Term Plan together with *Elektroprenos Bosne i Hercegovine* prior to

approval thereof. The plan approved by the licensee's Steering Board shall be submitted to SERC for approval by the end of October for the following year. The licensee shall publish the approved Long-term Plan.

- 3.20. The licensee shall submit to SERC the final and approved version of its annual financial and investment plans either separately or as part of tariff proceedings. In case of the development of a long term business plan or policy it shall be submitted to SERC. SERC may ask for corrections of financial and investment plans.
 - 3.21. The licensee, in cooperation with the holder of the licence for transmission of electric power, shall participate in the planning and analyses of impacts of new interconnection lines on regional level and participate in the development of a European Ten-Year Network Development Plan (TYNDP). Analyses shall be made within an Indicative Generation Development Plan (5- and 10-year cross-sections) and pertain to the voltage levels of 400 kV and 220 kV.
 - 3.22. The licensee shall be obligated to produce the annual electricity balance in the transmission network in Bosnia and Herzegovina and submit it to SERC by the end of October for the following year.
 - 3.23. In line with the electricity sector and market developments in BiH and the region, the licensee shall continuously carry out the necessary analyses and submit to SERC an updated reasoned proposal for maximum permissible integration capacity of intermittent electricity sources.
 - 3.24. The licensee shall be obligated to perform its activities in the best interest of all parties in the power system.
 - 3.25. On its web-site the licensee shall be obligated to enable access to all relevant data pertaining to the transmission system that it operates, including data on access to the network, transmission capacities, emergency situations in the network as well as other technical and operational information needed by market participants or which are of public interest. All rules and regulations pertaining to the system operation shall be published on the website both in the languages officially used in BIH and English.
 - 3.26. When providing information to market participants the licensee shall be obligated to use best practices and recommendations in this field.
4. Monitoring of Performance of the Licensed Activities
 - 4.1. SERC shall monitor performance of the licensed activities.
 - 4.2. The Licensee shall submit reports to SERC as stated in these conditions or upon a request of SERC during the validity period of the licence.
 - 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 regulations of SERC.
 - 4.4. SERC may initiate emergency proceedings in order to react to any doubt pertaining to violation of obligations from the licence, 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, premises and documents related to the licensed activities. SERC shall be entitled

to access any facilities and premises of the licensee, its equipment, documents, business records and archive in order to inspect the licensed activity. The licensee shall provide any form 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 realising that the violation has occurred.
5. Submission of Data and Reports
 - 5.1. The licensee shall submit reports as defined in this section to SERC 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 the annual report on operation during the fiscal year including audited financial reports.
 - 5.3. By the end of January the licensee shall submit to SERC the annual report for the previous year on the ISO BiH 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 ISO BiH, as required by Article 30 of the ISO Law.
 - 5.4. By the end of February the licensee shall submit the annual report for the previous year on the conditions of the management system (SCADA) and other systems necessary for operation of the licensee (EMS, ESS etc.), existing problems and solutions to them.
 - 5.5. The licensee shall prepare and submit to SERC monthly reports on activities as well as reports on electricity flows. These reports contain, *inter alia*, information on quantities of: generated electricity, electricity withdrawn from the transmission system (distribution system operators and customers directly connected to the transmission system), exported, imported or transited electricity and electricity losses in the transmission network. In addition, the report shall also contain information on purchased ancillary services and provided system services in BiH and cross-border transactions.
 - 5.6. The licensee shall prepare and submit to SERC monthly reports on calculations of ancillary and system services in accordance with the Market Rules and relevant procedures, based on which billing and payment of services shall be conducted.
 - 5.7. The licensee shall prepare and submit to SERC a detailed written report within 48 hours of an emergency or "incident" in the BiH power system, such as a brown-out or black-out, or any kind of unusual incident in the ENTSO-E Continental Europe Synchronous Area. An email or fax summary notification of such incidents shall be made without any delay. A detailed written report shall be submitted after a comprehensive analysis of occurrences.
 - 5.8. On a monthly basis, the licensee shall report to SERC all changes in its technical operations made pursuant to ENTSO-E standards or rules.
 - 5.9. The licensee shall submit reports on the Grid Code and Market Rules implementation on an annual basis.
 - 5.10. The licensee shall submit the information on the participation in regional projects and other information it deems relevant to SERC or other market participants

from meetings of international organisations in whose work the licensee is included.

- 5.11. The licensee shall submit a monthly report on physical and financial volumes pertaining to the allocation of cross-border transmission capacities.
 - 5.12. The licensee shall submit a report on the quality of supply with regard to the voltage quality periodically, at least once a year.
 - 5.13. The licensee shall inform SERC in a timely manner and no later than seven days of all relevant occurrences in the system such as putting in operation or trial operation new transmission or generation facilities, any relevant change of the network configuration, loss of voltage at the nodes etc. In case of a larger disturbance in the power system it is necessary to make a detailed analysis with the aim of discovering the cause of the disturbance and propose measures to prevent its repetition.
 - 5.14. On a monthly basis, the licensee shall report to SERC all exceptions made either in its contracting practices or its operations and the rationale thereof.
 - 5.15. The licensee shall submit summary annual reports for the previous year for all monthly reports referred to in Item 5 no later than 31 January.
 - 5.16. The Licensee shall submit all regular reports even if there are no occurrences to report about during a reporting period.
6. Renewal, Modification, Suspension or Revocation of the Licence
 - 6.1. The licensee shall be obligated to file an application for renewal of the licence at least 180 days before the expiration of this licence.
 - 6.2. During the validity period of the licence, it shall be possible to re-open the licence upon a request of the licensee or at SERC initiative, in order to change the licensing conditions due to the relevant changes in law or factual circumstances in accordance with Article 49 of the Licensing Rule.
 - 6.3. Suspension or revocation of the licence shall be performed in accordance with Article 51 of the Licensing Rule.
7. Regulatory Fee
 - 7.1. The licensee shall be obligated to pay a regulatory fee during the validity period of the licence 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, but shall not be obligated to do so, an administrative notice to the licensee on any violation, and may call it to an administrative settlement due to the violation of the licence 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 also apply the provisions of Article 51 of the Licensing Rule, i.e. suspend or revoke the licence.
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).
 - 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: Nezavisni operator sistema u Bosni u Hercegovini (Independent System Operator in Bosnia and Herzegovina), Hifzi Bjelevca 17, 71 000 Sarajevo.
 - 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 licence in case the address for submission of notifications is changed.