

# **LAW ON ELECTRICITY**

**(Cleaned text)**

## **I - BASIC PROVISIONS**

### **Article 1**

The Law on Electricity (the Law) establishes the rules for generation and distribution of electricity in the territory of Republic of Srpska and domestic trade on behalf of Republic of Srpska. The Law regulates the establishment and operation of the electric power system exclusively in the spheres indicated above.

The objective of this Law is to determine conditions necessary for rational and cost-effective development of generation and distribution of electricity in the territory of Republic of Srpska, to create living and working conditions, and to promote companies providing public services for the purpose of unhindered electricity supply to the consumers.

The Law is based on generally accepted international standards in the electricity field and seeks to promote gradual liberalization of the national electricity market, whereby the Law follows the principles of non-discrimination and equal treatment of persons and property.

### **Article 2**

This Law complies with the Law on Transmission, State Electricity Regulatory Commission and Independent System Operator in Bosnia and Herzegovina (BiH Law), which regulates the establishment and defines the functions and competences of the State Electricity Regulatory Commission (SERC), the Independent System Operator (ISO), and the company for Transmission of electricity. The BiH Law has the legal jurisdiction at the level of Bosnia and Herzegovina over transmission, the SERC and the ISO and the transmission-related functions, and also the SERC and the ISO in Republic of Srpska, with the objective of providing a continuous supply of electricity at defined quality standards.

In case of conflict between the provisions of this Law and the Law on Transmission, State Electricity Regulatory Commission and Independent System Operator in Bosnia and Herzegovina regarding transmission, operation of the transmission system and international trade, the provisions of the Law on Transmission, State Electricity Regulatory Commission and Independent System Operator in Bosnia and Herzegovina shall prevail.

### Article 3

In this law:

- "**electricity**" shall mean the goods which generation, distribution, transport and use is prescribed by provisions of this Law and secondary legislation based on it;
- "**generation**" shall mean generation of electricity in hydroelectric power plants, thermoelectric power plants and other plants that are connected to transmission or distribution networks, as well as generation for own needs;
- "**generator**" shall mean a natural or legal person generating electricity;
- "**auto-generator**" shall mean a natural or legal person generating electricity essentially for its own use;
- "**independent generator**" shall mean a generator who is not involved in electricity transmission or distribution in the territory of Republic of Srpska;
- "**renewable energy sources**" shall mean electricity sources preserved in nature and renewable in whole or in part, especially the power of water streams, wind, bio-mass, and geo-thermal and non-accumulative solar energy;
- "**transmission**" shall mean the transport of electricity on the high-voltage interconnected system with a view to its delivery to end-users or to distributors;
- "**distribution**" shall mean the transport of electricity on medium-voltage and low-voltage distribution systems with a view to its delivery to customers;
- "**customers**" shall mean wholesale customers, eligible end-users and non-eligible customers and distribution companies;
- "**wholesale customers**" shall mean legal customers that purchase and sell electricity to customers, except to end-users who are not allowed to freely choose their electricity supplier, and that are not involved in generation, transmission, or distribution in the territory of Republic of Srpska;
- "**end-users**" shall mean customers purchasing electric power for their own needs and use;
- "**eligible customer**" shall mean the customer connected to the transmission or distribution network and who is allowed to purchase electricity in its own discretion;
- "**non-eligible customer**" shall mean an end user who is supplied electricity in a regulated manner and at regulated prices (tariffs);
- "**interconnectors**" shall mean equipment used for linking electricity systems;

- **"interconnected system"** shall mean a number of transmission and distribution systems linked together by means of one or more interconnectors;
- **"system user"** shall mean any natural or legal person supplying electricity or being supplied with electricity through a transmission or distribution system;
- **"supply"** shall mean the sale, including re-sale of electricity to customers;
- **"energy facilities of end-users"** shall mean electricity facilities located beyond the point of connection to the electricity network;
- **"tendering procedure"** shall mean the procedure through which planned additional requirements and replacement of capacities are covered by deliveries from new or existing generating capacities;
- **"trader"** shall mean a legal person dealing with electricity trade;
- **"SERC"** shall mean the State Electricity Regulatory Commission, as defined in the Law on Transmission, State Electric Power Regulator and Independent System Operator;
- **"ISO"** shall mean the Independent System Operator, as defined in the Law on Transmission, State Electric Power Regulator and Independent System Operator.

#### **Article 4**

Energy facilities, equipment, power lines, and plants of electric power companies and end-users, in the activities regulated by this Law, shall be constructed, used, and maintained in accordance with the regulations of Republic of Srpska, with standards and technical norms that apply to these types of facilities, and with the environmental protection regulations of Republic of Srpska. Such facilities and equipment may not threaten safety of people and property.

### **II- ELECTRIC POWER POLICY**

#### **Article 5**

The Republic of Srpska Government shall develop the electric power policy in accordance with this Law.

It is provided by the power policy, as follows:

- structure and quality of electric power supply;
- a long-term balance between development of the electric power industry and the energy industry in general, and energy consumption trends;
- possibility to use various primary sources of energy;
- the use of renewable sources for electric power generation;

- care for the efficient use of energy;
- maintenance of the ecological balance in generation, transmission and use of electric power;
- competitiveness in the electricity market and in other energy markets;
- electricity supply of high quality in the RS electricity market;
- rational consumption of electricity;

### **Article 6**

Electric power policy shall provide access to the distribution network in accordance with the principle of non-discriminatory third party access.

### **Article 7**

The Republic of Srpska Government issues long-term and annual electric power schedules.

In cooperation with the ISO, electric power schedules shall establish the framework plans for total consumption of electric power and ways of supplying electric power in medium and long-term periods.

The electric power schedule shall specify:

- structure of the electricity consumption;
- ways of electricity supplying;
- the requirements for environmental protection and measures to ensure environmental protection;
- the structure and features of consumption by new consumers and the expansion of existing consumers;
- electricity surpluses;
- plans and forecasts based on recommendations of generators and distributors, in cooperation with the ISO;

A long-term electric power schedule shall apply to a period of five years, in advance.

### **III - PERFORMING ELECTRIC POWER ACTIVITY**

#### **Article 8**

Electric power activities that are the subject of this Law shall be:

- generation of electricity,
- distribution of electricity, and
- trade and supply of electricity.

#### **Article 9**

Electric power activities referred to in Article 8 of this Law shall be performed by:

- companies for generation of electricity;
- companies for distribution of electricity;
- companies for trading and supply of electricity;

Companies referred to in paragraph 1 of this Article and companies that perform several electric power activities referred to in Article 8, shall be founded in accordance with the Law on Enterprises of Republic of Srpska.

Generation of electricity, in the manner and under the conditions set forth in this Law may be carried out by companies referred to in paragraph 1 of this Article, as well as by citizens and legal persons for their own needs, with the possibility of sale of electric power surplus in the market.

#### **Article 10**

Companies for generation of electricity and companies for distribution of electricity may not be involved in the transmission of electricity following the establishment of the transmission company of Bosnia and Herzegovina.

#### **Article 11**

Establishment, management, organization and association of companies referred to in Article 9 of this Law shall be done in accordance with the Law on Enterprises of Republic of Srpska.

### **IV - REGULATION OF THE ELECTRIC POWER ACTIVITY PERFORMANCE**

#### **Article 12**

The Regulatory Commission for Energy of Republic of Srpska (hereinafter: the Regulator) shall be established for the purpose of regulating monopolistic behavior and providing transparent and non-discriminatory treatment of all participants in the energy market in Republic of Srpska.

### **Article 13**

Regulator is an autonomous, specialized, independent and non-profitable organization in Republic of Srpska.

Regulator shall have the status of a legal person.

Regulator shall be entered in the court register.

### **Article 14**

The full name of the Regulator is: "the Regulatory Commission for Energy of Republic of Srpska.

The Regulator shall have its seal.

The headquarters of the Regulator shall be in Trebinje.

### **Article 15**

The National Assembly of Republic of Srpska, at the proposal of the Government of Republic of Srpska, shall appoint the chairman and two members of the Regulator following the public competition.

The term of office of a Regulator member shall be 5 years. For reasons of continuity of operations, the terms of the members of the first composition of the Regulator shall be: for one member - five years; for the second member - four years; and for the third member - three years.

The members of the first composition of the Regulator shall be appointed by the National Assembly, by determined Action plan for restructuring and privatization of the electric power sector in BiH.

### **Article 16**

In the case that the chairman is prevented from performing his/her duties, an authorized member of the Regulator will carry out his/her responsibilities.

All decisions of the Regulator shall require a majority vote of all members of the Regulator.

### **Article 17**

Following the expiration of his/her term of office, a member of the Regulator may be re-elected for another term.

No person may be appointed as a Regulator member for more than two terms.

## **Article 18**

The position of Regulator member shall become vacant if a member:

- has been absent from more than three consecutive meetings of the Regulator without the approval of other members;
- resigns in writing from the post of Regulator member;
- is released from duty in accordance with Article 22 of this Law;
- has violated the Regulator's Code of Ethics;

## **Article 19**

If a member of the Regulator has become incapacitated over health reasons or is otherwise unable to perform the duties of Regulator member, the Republic of Srpska Government shall propose to the National Assembly to release such member from duty.

A vacant Regulator member post shall be filled by another member for the remaining term of office, in the manner and under the conditions that applied to the appointment of the released member.

The National Assembly of Republic of Srpska shall issue the decision referred to in the previous paragraph within 30 days from the date of release of duty of a Regulator member.

## **Article 20**

Persons appointed as members of the Regulator shall be citizens of Republic of Srpska with knowledge and proficiency in the fields of engineering, economy, law or ecology.

## **Article 21**

The Regulator shall adopt and publish Code of Ethics regulating conflicts of interest and other ethical standards for the members, employees and staff of the Regulator and other parties. The Code of Ethics shall be harmonized with customary international practice.

## **Article 22**

Members of the Regulator may not:

- be related by blood or married;
- be persons charged with acts incompatible with the work of the Regulator;

- perform duties that are in contravention of the Regulator's independence, in accordance with the Code of Ethics;
- be members of legal, executive or court authorities, as well as members of supervisory or management boards of companies, banks or insurance companies;
- perform duties or undertake activities that are in contravention of the principles of transparency and non-discrimination in the electricity market of Republic of Srpska.

### **Article 23**

The Regulator shall have the jurisdiction:

- To supervise and regulate the relations between generation, distribution and customers of electricity, including electric power traders,
- To define the methodology and criteria for setting the prices for use of distribution network and electricity supply to non-eligible customers and methodology for setting the fee for connection to the distribution network;
- To make tariff system for the sale of electricity and use of the distribution network;
- To establish tariff rates for distribution system users and tariff rates for non eligible customers;
- To issue or revoke licenses for electricity generation, distribution, and trade;
- To define the general conditions for electric power supply;

Apart from competences referred to in paragraph 1 of this Article, Regulator shall carry out the activities prescribed by other laws within the field of energy.

### **Article 24**

While exercising its competences and performing its functions, in accordance with its competences set forth in this Law, the Regulator shall have the jurisdiction:

- To improve efficiency, reliability and cost-effectiveness of the system for generation, distribution, and exchange of electricity;
- To promote competitiveness;
- To stimulate efficiency, cost-effectiveness, and safety in using electricity;
- To regulate safety of supply, quality of services and tariffs, taking into account the interests of customers and needs of the electric power supply companies;
- To ensure fairness in the electricity supplying;
- To facilitate transparent and non-discriminatory behavior in the electricity

market;

- To ensure that electric power activities in the territory of Republic of Srpska do not have a negative impact on health, safety, and protection of the environment;
- To supervise effectiveness of the mechanisms and processes that provide for a system medium-term and long-term balance between consumption and supply of electricity;
- To create conditions for development of the power system (generation and distribution);
- To introduce measures for preventing abuse of monopolistic behavior by licensees issued by the Regulator.

### **Article 25**

The Regulator shall be funded by revenues and fees collected from the companies performing the activities of electricity generation, distribution and trade and by the fees for licenses they issue. These fees shall only be used by the Regulator and shall be part of the Regulator's budget.

Companies, licensed by the Regulator, may include the regulatory fee in their tariffs.

The Regulator's activity may also be funded by non-returnable donations of foreign governmental and non-governmental organizations.

The Regulator's budget is proposed by the Regulator and adopted by the National Assembly of Republic of Srpska prior to start of the budget year.

### **Article 26**

A member of the Regulator shall not participate in considering and deciding on the issues in which he has direct or indirect vested interest.

A member of the Regulator shall disclose the interest referred to in the previous paragraph at any stage of the meeting, after which the interested member shall leave the meeting so as to enable the remaining members to discuss such disclosure and determine whether such member is precluded from participating in decision-making on that issue.

If found that a member of the Regulator acted contrary to provisions in paragraphs 1 and 2 of this Article, such member shall be held accountable in accordance with the Code of Ethics.

### **Article 27**

The Regulator shall define the relevant rules and procedures and accordingly resolve disputes between participants.

The Regulator shall specify the costs incurred by disputes between participants, and its decision specifying the costs shall be binding for parties in dispute.

### **Article 28**

At the request of a party, the Regulator shall resolve disputes pertaining to:

- the right to electric power supply,
- the right to access to the distribution network,
- the obligation to deliver electricity,
- tariffs at which electricity is delivered,
- delays in the supply of electricity,
- refusal to supply electricity,
- quality of the electricity supply;

For the purpose of deciding on the request referred to in the previous paragraph, Regulator may engage a legal or physical person to collect facts.

### **Article 29**

The Regulator decision shall be final. A party dissatisfied with Decision may institute court proceedings before the competent court. The Regulator Decision shall remain in effect pending the completion of the appellate proceedings.

### **Article 30**

In its work, the Regulator cooperates with the State Electricity Regulatory Commission (SERC), the Independent System Operator (ISO), and the single transmission company of Bosnia and Herzegovina; the Regulator shall at least once a year report on its work to the National Assembly of Republic of Srpska.

### **Article 31**

Regulator may require any licensee to provide data and information that it needs for the purposes of implementing this Law.

Any Licensee must submit data and information referred to in paragraph 1 of this Article within the deadlines set and must cooperate with the Regulator.

Regulator may use the information obtained from a licensee only for the purposes of performing its activities.

A Licensee who, in the performance of its duties, obtains information, for which it may reasonably assume to be of confidential character, shall be obliged to maintain confidentiality of such data.

## **V - STATUTE, PROCEDURAL RULES, RULES, REGULATIONS AND DECISIONS OF THE REGULATOR**

### **Article 32**

Within 30 days from the date of appointment of the Regulator, the Regulator shall issue its Statute and determine a plan for prompt issuance of rules and regulations pursuant to this Law. Such rules and regulations shall include those provisions which are necessary for the Regulator to fulfill its duties under this Law and achieve the purpose and intentions of this Law.

Within 90 days from the date of appointment of the Regulator, the Regulator shall adopt its Procedural rules in accordance with the provisions, terms and competences set forth in this Law. The procedural rules of the Regulator shall include provisions on hearings and meetings, processes of drafting, soliciting public comments and issuing of rules and regulations.

All rules and regulations adopted by the Regulator shall comply with this Law and laws of Republic of Srpska. Prior to the adoption of its rules and regulations, the Regulator shall publish and solicit public comments on draft rules and regulations.

Unless a different date is specified in the Regulator's rules, all rules and regulations of the Regulator shall be effective eight days following their publication in the manner specified by the Regulator.

Orders of the Regulator shall be effective on the date and in the manner specified by the Regulator in accordance with this Law and shall remain in effect unless changed by the Regulator or a competent court of Republic of Srpska.

### **Article 33**

Sessions of the Regulator shall be open to the public, except in a limited number of cases in which confidential information or trade secrets are involved. The manner of holding of the sessions shall be determined by the Regulator in accordance with its procedural rules. All decisions of the Regulator shall be in writing and shall explain the basis of the ruling. Decisions and rulings of the Regulator shall be published in the Official Gazette of Republic of Srpska. The Regulator's documents, records of all proceedings and the minutes shall be maintained in accordance with the Regulator's procedural rules. Such documents and records shall be open to the public. Important business information shall remain confidential, as described in the Regulator's procedural rules.

## **VI - GENERATION OF ELECTRICITY**

### **Article 34**

An electric power company that performs the activity of generation of electricity shall be entitled to:

- in its generation facilities, use sources of energy that it considers most suitable, generating necessary amounts of energy, respecting the technical characteristics and requirements for the protection of environment, as specified in the license and stipulated by regulations;
- Contract deliveries and sale of electricity under the conditions determined by this law and other regulations;
- Access to the transmission grid under the conditions determined by the State Electricity Regulatory Commission and access to the distribution grids under the conditions determined by the Regulator.

### **Article 35**

An electric power company that performs the activity of generation of electricity shall be required to:

- observe the conditions set forth in the license for the performance of the electric energy activity;
- possess a metering device that enables measurement of energy transferred to the appropriate grid;
- comply with market behavior rules specified for the electric power market;
- meet and comply with the specified technical and operational as well as environmental protection requirements

Facilities for electric power generation must meet the established criteria for protection of environment and ensure continuous control over the impact on the environment.

### **Article 36**

An electric power company that, in an economically appropriate way and in accordance with environmental protection measures, in an individual generation facility, generates electricity by using waste materials or renewable sources of energy or generates a combination of thermal and electric power may be granted the status of eligible generator, pursuant to the conditions determined by the Regulator.

Incentives for generation of electricity from renewable sources including the waste, as well as co-generation (heat and electricity) shall be prescribed by

Regulator in order to achieve the aims of electricity generation from the renewable sources and energy efficiency as well, defined by the power policy referred to in Article 5 of this Law.

## **VII - DISTRIBUTION OF ELECTRICITY AND ACCESS TO THE DISTRIBUTION NETWORK**

### **Article 37**

The distribution system is consisted of electric power facilities, (plants and lines) through which electricity is distributed to customers.

### **Article 38**

For the purposes of unobstructed functioning of the electricity market in the territory of Republic of Srpska, the distribution network must be accessible to all users in a transparent and non-discriminatory manner, in accordance with the criteria referred to in this Law.

### **Article 39**

Distribution system operator (hereinafter: distributor) is in charge of the operation, control, maintenance and development of the distribution system.

Distributors shall enable transmission of electric power through their networks and the distribution of electric power on their territory at the request of the licensee, implying that distributors shall also operate with the distribution network, in accordance with the technical capabilities of the network.

Distributors shall be entitled and required to supply system users and customers with electricity in their respective areas of operation, if so specified in their operation license.

### **Article 40**

Electric power distributors shall:

- guarantee reliability of the distribution network operations and the maintenance of quality levels of electricity;
- secure coordinated operation of the distribution network and the transmission network, as well as of the connected networks and user facilities;
- provide information to the Independent Operator on the future needs for electricity;
- provide access to the distribution network for third parties in accordance with the established criteria;

#### **Article 41**

Distributors shall prepare short-term and long-term plans for development and construction of the distribution network.

Plans referred to in paragraph 1 of this Article shall be produced in accordance with the Strategy on the energy development of Republic of Srpska, and spatial documents related to the physical planning.

#### **Article 42**

Distributors shall ensure the secrecy of confidential business information they receive from other electric power companies and customers, unless a special regulation requires the publication of certain information or their submission to the responsible state bodies.

Information on the potential for the use of the distribution network shall be open to the public.

#### **Article 43**

A distribution operator shall enable access to the network for generators of electricity and eligible customers in a non-discriminatory manner, in accordance with the principles of regulated access by a third party.

#### **Article 44**

A distribution operator may deny access to the network due to limited technical or operational capacities of the network.

An electric power generator and/or eligible customer of electricity that have been denied access to the network must be notified of the reasons for being denied the access, which must be objective and non-discriminatory, as well as well-founded and properly substantiated.

Generator of electricity and eligible customer of electricity that have been denied access to the network or are dissatisfied with access conditions may appeal to the Regulator.

#### **Article 45**

When a generator and customer intend to sign a contract for delivery/supply of electricity but have been denied access to the network, they may, with a previously obtained approval of the Regulator, build a direct electric line.

## **Article 46**

The operation and manner of management of a distribution network in the electric power system shall be regulated by the Grid Code.

The Grid Code shall in particular regulate:

- technical and other requirements for users' connection to the network;
- technical and other requirements for safe operation of the electric power system in order to provide a reliable supply of electricity of quality,
- the actions to be taken during the operation of the electric power system in critical situations,
- technical and other requirements for interconnecting and operations between networks;

The Grid Code shall be made by distributor and approved by the Regulator. The Grid Code may not be in contravention of the ISO rules for the transmission grid.

## **Article 47**

Owner of the network may limit transmission of electricity through the distribution network, but only under special circumstances:

- When this is justified for reasons of safety of the electric power system, for operation-related reasons or for reasons of safety of people, which is to be particularly proved;
- When this is required by environmental protection regulations;
- If it endangers the operation of the combined process of generation of thermal and electric power or the operation of the source of the regenerating energy from waste materials,
- If it endangers the system of electricity generation;

## **VIII - CUSTOMERS**

### **Article 48**

As of the effective date of this Law, all customers whose annual consumption exceeds 10 GWh may be granted the status of eligible customer.

The status referred to in paragraph 1 of this Article shall be granted based on the Regulator's decision and in accordance with the criteria defined by the Regulator.

An eligible customer may not lose its status as long as it maintains the determined level of consumption and meets the criteria granting the status of eligible customer.

As determined by the pace of the market opening, the Regulator may decide to lower the consumption level referred to in paragraph 1 of this Article and issue other criteria granting the status of eligible customer.

#### **Article 49**

An eligible customer may freely choose the electric power supplier.

The eligible customer and electric power supplier freely chosen by the eligible customer shall arrange the quantities and the price of the electricity that is the subject matter of their contract.

#### **Article 50**

Non-eligible (tariff) customers shall be supplied with electricity in the system of the public service obligation, at the prices from the tariff system for the sale of electricity.

### **IX- THE LICENSING SYSTEM**

#### **Article 51**

The following consents shall be issued in the electric power sector:

- the license for generation in generation facilities which capacity is over 1 MW, distribution, supply and domestic trade;
- electric power consent;
- license for construction of the electric power facilities, which capacity is over 1 MW

#### **Article 52**

The license for generation, distribution, supply and domestic trade shall be issued to legal and physical persons who:

- are entered in the appropriate register for electric power activity;
- meet the criteria of technical availability for realization of the activity;
- meet the economic and financial requirements essential for performing the activity;
- meet the requirements related to safety at work, fire-protection and environmental protection.

#### **Article 53**

Regulator shall issue licenses for companies performing the activities of generation, distribution, supply and trade of electricity in the territory of the Republic of Srpska.

#### **Article 54**

Regulator issues licenses on the basis of the submitted applications.

The licensing procedure is public and shall be conducted according to objective and publicly known criteria, in a non-discriminatory and transparent manner.

Regulator is obliged to consult on the requirements of each license prior to its issuance and invite all interested parties to comment on the draft license through the process of public hearing - consultation.

#### **Article 55**

If a licensee sells its business or seeks to transfer its license or controlling (managerial) interest, the new owner must obtain a license or approval for such transfer from Regulator.

#### **Article 56**

When considering applications for the issuance, extension, amendment or transfer of the license, Regulator shall comply with its rules.

The rules referred to in the paragraph 1 of this Article must define the application procedure and criteria for the license issuance, which must comprise:

- Safety of the electric power system, installations, and associated equipment;
- Environmental protection;
- Use of the land and determining the location;
- Use of the public land;
- Energy efficiency;
- Nature of the primary sources;
- Elements for evaluation of technical, economic and financial capabilities and other relevant features of the applicant;

The criteria and procedures for the license issuance are open to the public.

#### **Article 57**

All existing legal bodies in the fields of generation, distribution, supply and trade of electricity in Republic of Srpska shall apply for a license no later than 90 days from the date of establishment of the Regulator.

### **Article 58**

An application for issuance, extension, amendment or transfer of a license shall be filed with Regulator in the form and the manner specified by Regulator.

### **Article 59**

An applicant must be notified of the Regulator's reasons because of which it was not granted the license, in accordance with the Regulator's rules and regulations.

### **Article 60**

The license for generation of electricity is issued for a precisely defined period that may not exceed 30 years, counting from the date of commencement of generation.

### **Article 61**

The license for distribution of electricity is issued for a precisely defined period that may not exceed 30 years and for a precisely defined area.

### **Article 62**

The license for trading and supply of electricity is issued for a period of up to five years, whereby the Regulator may decide to extend the license validity.

The license for trade and supply of electricity for eligible customers may be issued to companies generating electricity and other legal persons provided that these companies are independent in relation to the companies for distribution of electricity (distribution system operator).

It is issued a separate license for supply of non-eligible (tariff) customers at certain distribution area.

The conditions for getting a license for supply of non-eligible customers include the obligation to supply the customers who are not allowed to freely choose their supplier, a method for determination and monitoring of the price compliance for these customers and standards of the supply quality.

Issuing the license for trade and supply of electricity may determine the right of licensee to trade with customers who are entitled to choose the supplier (eligible customers) as well as with other licensees for other electric power activities.

In order to get a license for trade and supply, the applicant should submit the appropriate records on fulfillment of certain technical, administrative and financial conditions, pursuant to the rules made by Regulator.

Trade and supply of electricity, apart from the supply of non-eligible customers, is carried out freely pursuant to the requirements of this Law and the License issued.

### **Article 63**

If user of the license issued by the Regulator violates this Law or fails to fulfill duties arising from the license, the Regulator shall warn the licensee of the infraction in writing, setting the deadline for remedying the infraction.

Sanctions or proceedings instituted against the licensee shall not delay the action to eliminate the consequences referred to in the previous paragraph.

If, following the expiry of the period referred to in paragraph 1 of this Article, the infraction or failure to fulfill duties has not been remedied, the Regulator may revoke the license, regardless of the proceedings that may have been instituted against the licensee.

### **Article 64**

As long as the license is valid, the licensee, at the request of the end-user, shall, within the scope of its activity, remedy disturbances of the regular supply of electricity.

### **Article 65**

The licensee shall be obliged to connect and distribute electricity to all end-users permitted to connect to the network within the area which the distribution license has been issued for.

End-users may not arbitrarily connect their electric power facilities, devices and installations to the electricity network.

### **Article 66**

If the electric power facilities, devices and installations of the end-users do not meet the prescribed technical requirements, such end-user may be temporarily disconnected from the electricity network and given deadline to eliminate the deficiencies.

### **Article 67**

The Regulator issues the license for construction of electric power facilities.

The Regulator, in accordance with this Law, shall issue a certificate of compliance with construction requirements for each electric power facility.

### **Article 68**

Upon the expiry of the construction license, if the license was not renewed or transferred or if the facility is used for other purposes, the licensee must

dismantle and remove all facilities and clear the land in accordance with the request of the Regulator within two years from the date of expiry of the license.

The licensee must provide a guarantee for the funds needed for realization of the works referred to in the previous paragraph.

If this is considered to be of interest of Republic of Srpska, the Regulator may exempt the licensee from the dismantling and removal of facilities referred to in paragraph 1 of this Article.

The provisions of this Article do not apply to a trade licensee.

### **Article 69**

In exceptional cases, when this is in the public interest, the Regulator may change the conditions set forth in the construction license.

Prior to deciding on changing the conditions set forth in the construction license, Regulator shall consider the possible costs incurred for the licensee over the change of conditions and the general benefits and disadvantages that may result from such change.

Regulator may change the conditions set forth in the construction license at the request of the licensee or at its own initiative.

The licensee may request that conditions in the construction license be changed pursuant to the Regulator's rules.

## **X - CONNECTION TO THE ELECTRIC POWER NETWORK**

### **Article 70**

In order to connect a new facility to the distribution network or to increase the connecting capacity of the existing one, distribution licensee shall pay the distributor the connection fee.

The connection fee shall include the fee for construction of the connection, equipping the metering place with metering devices and fee for provision of conditions for connection through the increase of the distribution network capacity included;

The connection referred to in paragraph 2 of this Article is the fixed property of distributor.

Structure and total amount of the fee for connection is determined by Regulator, based on the methodology for determination of the fee for connection to the distribution network.

### **Article 71**

A metering device is the place where electricity is delivered and place of

separation of responsibilities for given, i.e. taken electricity between distributor and distribution system licensee.

While constructing the connection, distributor is obliged to take care of the location of the metering device in a way that will provide him with a proper access.

Distributor is obliged to, within the timetable prescribed by the General conditions for delivery and supply of electricity, bear the costs for adaptation of the metering devices' site, which belong to end users, from the category of consumption of "households" in a way that will enable separation of responsibilities referred to in paragraph 1 of this Article and effective reading of metering devices.

Distribution system licensees may hand over metering devices to property of distributor who is in charge of their maintenance, replacement and verification, from the moment of handing over, pursuant to technical and metrological regulations.

Distribution system licensees that do not hand over the device to the property of distributor are obliged to bear costs for their maintenance and replacement, pursuant to technical and metrological regulations.

Distribution system licensee is obliged to enable authorized representatives of Distributor access to the metering devices and electrical installations in its property as well as metering devices, structures and equipment owned by distributor which are located on his location, for the purposes of reading, testing, monitoring, checking of accuracy, removal of damages, dislocation and replacement as well as termination of delivery.

Distribution system licensee is obliged to protect metering devices, which are located on his land, from the non-authorized assess.

## **Article 72**

For each connection to the electric distribution network, distribution system licensee is obliged to, prior to granting the approval for construction, obtain the electric power consent.

Electric power consent contains energy and technical requirements, as well as other requirements prescribed by General Conditions for delivery and supply of electricity which should be met by the electric power structure of the distribution system licensee prior to connection to the distribution network.

Distribution system licensee is obliged to obtain new electric power consent if the connection parameters are changed based on which former electric power consent was issued.

The application for obtaining electric power consent shall be decided based on the public authorization by distributor pursuant to the provisions of the Law on General Administrative Proceedings, within 30 days from the date the application is

submitted.

Creation of the connection, procedure and timetable for connection, method of payment and other provisions are defined in a more detailed way by the Contract on connection between distribution system user and distributor.

Regulator shall decide on the appeal on distributor decision referred to in paragraph 1 and 3 of this Article as well as on the appeal regarding conclusion of the contract referred to in paragraph 5 of this Article, within 60 days from the date the appeal is received with all necessary documents, pursuant to the rules and procedures referred to in Article 27 of this Law.

## **XI- SUPPLY OF ELECTRICITY**

### **Article 73**

Electricity shall be supplied in accordance with this Law, the general conditions for delivery of electricity, the tariff system for the sale of electricity, and the contract that may be signed between the supplier and the buyer.

### **Article 74**

The general conditions for delivery of electricity shall particularly specify:

- 1) the conditions and way for issuance of the electric power consents for connecting new appliances or increasing the connecting capacity of existing electric appliances, as well as the substance and the way of conclusion of contracts on conditions for connection or increase of connecting capacity of electric appliances;
- 2) cases of the capacity increase i.e. consumption of electricity;
- 3) the terms and conditions under which the electric power appliances are connected to the distribution grid;
- 4) The terms and conditions for, manner of and deadlines for concluding contracts on electricity supply; the obligations of the supplier in the continuous supply of end-users with electricity of high quality and the obligations of end-users.
- 5) the terms and conditions for the access to and usage of the electric distribution network;
- 6) the manner of measuring and determining consumption of electricity and the accuracy of metering equipment;
- 7) obligations of end user regarding protection of the metering devices, which are located in his property, against non-authorized access;
- 8) the manner of consumption accounting and conditions for payment for electricity

consumed;

9) the measures to be undertaken in case of electric power system interruption and the measures to protect the electric power system from excessive consumption;

10) the conditions for and the manner of disconnection of a supply of electricity;

11) the conditions for, the manner, the measures, and the sequence of restricted delivery of electric power in case of electric power shortage;

12) the manner of determining the quantity and the capacity of illegally consumed electricity, as well as the manner of accounting and charging such quantities of electricity;

13) the conditions for and the manner of connecting of electric power facilities, construction sites and temporary buildings;

14) the manner of notifying end-users of delays and restrictions in the supply of electric power;

#### **Article 75**

The tariff system shall establish categories of end-users, tariff elements for pricing of electricity supplied, and the manner of their application.

#### **Article 76**

The contract on sale of electricity is concluded in accordance with the Law on Obligatory Relations.

#### **Article 77**

The contract on sale of electricity to tariff (non-eligible) customers shall in particular specify:

1) the quantity of electricity and the manner of pricing electricity;

2) the manner of and deadlines for delivery;

3) the point of delivery and the metering point;

4) the manner of accounting and payment;

5) the duration of contract;

6) the accountability for noncompliance or partial compliance with contractual obligations;

7) other rights and obligations in accordance with the law, the general conditions for the supply of electric power, and the tariff system for the sale of electricity;

## **XII - SUSPENSION AND RESTRICTION OF ELECTRIC POWER SUPPLY**

### **Article 78**

A distribution licensee may interrupt delivery of electric power in cases of:

- regular and extraordinary maintenance;
- inspection and overhaul;
- review and control of metering; and
- grid expansion;

A distribution licensee shall carry out the anticipated interruption in the shortest time possible.

A distribution licensee shall announce the interruption of delivery of electricity referred to in paragraph 1 not sooner than 24 hours prior to taking action referred to in paragraph 1 of this Article.

### **Article 79**

A distribution licensee, after issuance of the warning, shall disconnect an end-user, if the end-user buyer fails to fulfill his/her obligations within the deadline set in the warning in the following cases:

- if the end-user is hindering the delivery of electricity to another customer,
- if the end-user forbids or denies the personnel, authorized by the transmission or distribution licensee, access to his/her parts of the connection, protective and measuring devices, electric appliances and devices, including when such equipment causes interference;
- if the end-user fails to comply with the special conditions for restricting the delivery of electric power, in accordance with this Law;

### **Article 80**

A distribution licensee, following the notice received in advance, shall terminate delivery of electricity to end-user, if the end-user fails to fulfill the following requirements within the deadlines specified in the notice:

- if the end user, upon the warning of the distribution license user, does not decrease the capacity or quantity of electricity used as defined in the contract within the deadline set;

-if the end-use buyer prevents accurate metering of consumed quantities or consumes electricity without the required meters or bypasses the required meters;

-if the end user does not pay for the delivered electricity within the deadline set forth in the contract on delivery of electricity or the general conditions for delivery of electricity.

### **Article 81**

A distribution licensee shall terminate delivery of electricity to an end-user without the warning received in advance or notice:

-if the end-user with endangers human lives and health and the environment having his facilities operated;

- if the end-user fails to remove or reduce to acceptable level the interferences caused by its equipment and facilities within the deadlines set by the distribution licensee or the responsible inspection body;

- if the end-user, without the approval of the distribution licensee, connects to the grid its facilities, equipment, or installations or enables others to connect their own facilities, equipment, or installations to the grid through its facilities, equipment, or installations, not later than 48 hours following the receipt of the notice.

### **Article 82**

Distribution licensee is obliged to reconnect the end-user to the network at the expense of the end-user when end user removes the reasons for termination of delivery of electricity.

Distribution licensee who terminates delivery of electricity to the end-user without cause, shall, within 24 hours from the time the disconnection without cause has been identified, reconnect to its grid at its own expense all of the end-user's facilities, devices and installations.

### **Article 83**

The end-user who has been disconnected from the electricity distribution grid because of injury done to the distribution licensee shall compensate the distribution licensee for the damages.

The end-user whose delivery of electricity has been disconnected without cause by the distribution licensee shall be entitled to compensation for damages thus caused.

The Regulator shall determine the damages referred to in paragraphs 1 and 2 of this Article.

#### **Article 84**

If an unanticipated and unforeseen shortage of electricity occurs in the electric power market, endangering safety of people and the integrity of the grid, the Government of Republic of Srpska, with previous consultation with the Regulator, shall issue decrees restricting delivery of electricity to some of the end-users, specifying the sequence of the restrictions, defining the manner of use of electricity, and identifying the compulsory level of generation of electricity.

The Government of Republic of Srpska, the Regulator and the licensees must do everything in their power to restore sufficient levels of electric power supply as soon as possible.

The measures and activities arising from paragraphs 1 and 2 of this Article shall be enforced by the Government of Republic of Srpska through its decrees.

### **XIII- CONSTRUCTION AND MAINTENANCE OF ELECTRIC POWER FACILITIES**

#### **Article 85**

In order to construct or maintain electric power facilities constructed on real estate without direct access to a public road, a licensee may pass through land owned or used by other persons.

A licensee shall exercise the right referred to in paragraph 1 of this Article pursuant to the approval issued by the responsible local authorities at the request of the licensee.

Exceptionally the licensee, in order to provide conditions for regular and undisturbed supply of end-users with electricity, may in cases of emergency exercise the right to access electric power facilities without the approval of the responsible local authorities.

The licensee shall compensate the land owners and users referred to in paragraphs 2 and 3 of this Article for the damages caused to them by the licensee's passage over their land.

#### **Article 86**

Without the approval of the licensee, owners or users of immobile property situated under, above, or near the electric power facilities or facilities associated with electric power generation, may not perform any works that obstruct use of those facilities for that purpose, i.e. realization of the electric power activity or endanger safety of people and property without consent of the licensee.

The construction of buildings or realization of works near electric power facilities and plants must not hinder the normal use of such facilities and plants.

It shall be prohibited to cause damage to electric power facilities and hinder their operations.

### **Article 87**

It shall be prohibited to plant vegetation in the land above, below, or at an unacceptable distance from, electric power facilities and lines, as it may endanger the safety of such lines or facilities, human lives, and property.

For the purposes of regular use, maintenance, or replacing a constructed electric power facility, the licensee shall be entitled to maintain the route by trimming or removing vegetation above, below, or near such facilities without compensating the land owners.

It shall be prohibited to hinder the undertaking of measures referred to in paragraph 2 of this Article.

### **Article 88**

If, for the purposes of maintenance of electric power facilities constructed on the land where cutting of trees was previously approved and performed, new cutting or trimming must be performed on the subsequently grown trees endangering electric power equipment or hindering their normal utilization, it is not necessary to obtain a new permit for cutting or to compensate the owners again.

### **Article 89**

Prior to defining the terms and conditions for the landscaping of areas to be used for construction or reconstruction of buildings in the vicinity of electric power facilities or facilities associated with electric power generation, the administrative body responsible for defining the terms and conditions for landscaping must obtain the approval of the licensee.

### **Article 90**

The expropriation of real estate for the purposes of construction of electric power facilities shall be carried out in accordance with the provisions of the Law on Expropriation in Republic of Srpska.

## **XIV-MONITORING**

### **Article 91**

Monitoring of the Law implementation shall be carried out by the Ministry of economy, energy and development.

### **Article 92**

Minister of economy, energy and development shall develop within 30 days from the effective day of this Law, the Rule on terms and conditions regarding the staff

and technical equipment which should be met by the companies and other legal persons in charge of mounting, overhaul, review and testing of the electric power facilities and installations.

Minister of economy, energy and development shall develop within 30 days from the effective day of this Law, the Rule on terms and conditions and methods of taking expert exams of the workers in charge of handling and maintenance of the electric power facilities, installations and devices which are in the function of generation, transmission and distribution of electricity.

### **Article 93**

Pursuant to a special law, a competent electric power institution shall perform the control of construction of facilities, proper technical operation, operational safety of electric power facilities and plants, safety of people in electric power facilities, as well as review of technical and operational documentation.

### **Article 94**

Inspectorial supervision shall be comprised of supervision over the implementation of this Law, other regulations and general enactments, standards, technical norms and quality standards that apply to the design, construction and reconstruction, maintenance and use of electric power facilities, as well as installations, equipment, plants and operation facilities and equipment in such facilities, and to the quality of the electricity supply.

## **XV- PENAL CLAUSES**

### **Article 95**

In case a licensee through its illegal actions makes a profit that exceeds the amount of the fine, special measures shall be taken to protect the public interest and impose fines that correspond to the damages incurred, in accordance with this law and other laws.

### **Article 96**

A company or other legal person shall be fined between BAM 5,000 and 15,000 for each offence when:

- 1) it commences operations and construction without a license;
- 2) its electric power facility does not meet the defined technical requirements (Article 4 of this Law);
- 3) it connects its appliances to the grid or increases the connecting capacity of electricity appliances without a technical approval (Article 72 of this Law);
- 4) it arbitrarily connects its electric power facilities to the electric power grid (Article 65, paragraph 2 of this Law);

5) fails to provide the Regulator with requested data and information;

Any person in the company or other legal person responsible for the offence referred to in paragraph 1 of this Article shall be fined between BAM 1,000 and 3,000.

#### **Article 97**

A licensee shall be fined between BAM 5,000 and 15,000 for each offence when:

- 1) the electric power facilities and plants of the electric power company do not meet the specified technical and other requirements (Article 4 of this Law);
- 2) it fails to implement the measures envisaged by decrees of the Republic of Srpska Government in the period of unanticipated and unforeseen electricity shortage (Article 84 of this Law);
- 3) even upon the written warning of Regulator, it does not meet or does not meet on time the license requirement (Article 63 of the Law)

Any person in the licensee responsible for the offence referred to in paragraph 1 of this Article shall be fined between BAM 1,000 and 3,000.

#### **Article 98**

A fine between BAM 3,000 and 10,000 shall be imposed for the following offences by:

- 1) a company or other legal person/investor, if it, following the issuance of a decision ordering the cessation of works, keeps on constructing a building or performing other works without remedying the irregularities and deficiencies identified in the decision;
- 2) a company or other legal person, if it; following the issuance of a decision ordering the cessation of use of the electric power facility, installation, equipment, plant, or apparatus; keeps on using such facilities without remedying the irregularities and deficiencies identified in the decision;

Any person in the legal person responsible for the offence referred to in paragraph 1 of this Article shall be fined between BAM 1,000 and 3,000.

#### **Article 99**

A company or other legal person shall be fined BAM 3,000 for the offence of failing to notify the electric power inspector of the remedying of irregularities and deficiencies.

Any person in the company or other legal person responsible for the offence referred to in paragraph 1 of this Article shall be fined BAM 1,000.

### **Article 100**

Distribution licensee shall be fined between BAM 1,000 and 3,000 for each offence, if it fails to timely carry out the required dislocation of the metering devices of end users from the category of households or does not issue Decision on the electric power consent (Article 71, paragraph 3 and Article 72, paragraph 4).

A responsible person in the company shall be fined as well between BAM 500 and 1,000 for the action referred to in paragraph 1 of this Article.

### **Article 101**

A responsible person in the legal person shall be fined between BAM 1,000 and 3,000 for each offence when he/she:

- 1) hinders the undertaking of measures referred to in Article 87, paragraph 2 of this Law;
- 2) plants vegetation in the land above, below, or at an unacceptable distance from, electric power facilities and lines (Article 87, paragraph 1 of this Law);
- 3) performs without approval the works under, above, or near electric power facilities or plants (Article 94 of this Law);
- 4) prevents accurate metering of consumed electricity (Article 74, paragraph 6 of this Law);
- 5) when its electric appliances do not meet the specified technical requirements (Article 74, paragraph 3 of this Law);
- 6) when its electric appliances disturb regular delivery of electricity to other customers (Article 79, line 1 of this Law);
- 7) fails to bring the peak load to the agreed level (Article 74, point 6 of this Law);
- 8) damages electric power facilities and hinders their operations (Article 86, paragraph 3 of this Law);

### **Article 102**

A natural person shall be fined, in the amount from BAM 1,000 to 3,000 if:

- 1) he uses electricity without electric power consent or has connected his electric power structures to the electric power network (Article 65 of this Law) on his own,
- 2) his electric power structures do not meet the required technical

conditions (Article 74, point 2 of this Law),

- 3) he disables proper recording of the electricity used (Article 74, point 6 of this Law),
- 4) he does not bring the peak load to the contracted amount (Article 74, point 6 of this Law),
- 5) he disables or prevents authorized persons the access to metering devices, i.e. installations and connections (Article 71, point 6 and Article 74 line 7 of this Law),
- 6) he distorts normal delivery of electricity, with his electric power structures, to other customers (Article 79, paragraph 6, line 1 of this Law),
- 7) he does not apply the measures stipulated by provisions of the Government of Republic of Srpska, in case of sudden and non-foreseen deficit of electricity on the market (Article 84 of this Law),
- 8) he carries out activities below, above or next to the electric power structures or facilities without previous consent (Article 86 paragraph 1 and 2 of this Law),
- 9) he causes damage to the electric power structures and disturbs their work (Article 87, paragraph 1 of this Law),
- 10) he plants on the site above, below or in the immediate distance from the electric power lines and facilities (Article 87, paragraph 1 of this Law),
- 11) he prevents undertaking of the measures referred to in Article 87, paragraph 2 of this Law;

### **XIII - TRANSITIONAL AND FINAL PROVISIONS**

#### **Article 103**

The Government of Republic of Srpska shall be obliged to develop the project of transformation of the business operations and the organizational structure of the JMDP "Elektroprivreda Republike Srpske", in accordance with this Law and Law on companies in Republic of Srpska.

#### **Article 104**

All participants in the field of generation and distribution of electricity in Republic of Srpska shall organize and amend their general enactments in accordance with the provisions of this Law within 6 months, counting from 19 July 2007.

### **Article 105**

Companies for distribution of electricity may not be subjected to bankruptcy proceedings.

In case conditions for implementation of bankruptcy procedures emerge over the public enterprises referred to in the previous paragraph, the founder shall undertake measures to establish terms and conditions for undisturbed operations of such enterprises and provide guarantees for their liabilities.

### **Article 106**

Republic of Srpska is the owner of electric power transmission facilities, plants, and equipment that make up the property of the transmission public enterprise.

### **Article 107**

The licensee, if so requested by the Regulatory Commission and SERC, shall provide data and information requested for the purposes of implementation of the provisions of this Law and the regulations pertaining to the electric power sector in Republic of Srpska.

In addition to the licensee, other persons shall also be obliged to provide within a reasonable period of time the data requested by the Regulator for the purposes of execution of their authority.

### **Article 108**

The Regulator and SERC may only use data and information referred to in the previous Article for the purpose of performing their duties.

### **Article 109**

Within one year from the date of start of its operations, the Regulator shall define the structure of the price and the total price of electricity at the power plant outlets and separately the price of electric power distribution as well.

The provisions of the existing tariff system for the sale of electric power shall apply pending the start of charging for electricity at the prices referred to in paragraph 1 of this Article, or tariff system and rates made by the Government of Republic of Srpska.

The customer that meets the requirements stipulated by Article 48, paragraph 1 of this law may be granted the status of eligible customer by the Government, until making the criteria referred to in paragraph 2 of the same Article.

### **Article 110**

Regulator shall, within six months counting from July 19, 2007 be carrying out harmonization of the Rule for issuance of licenses and permits, General conditions for delivery and supply of electricity and make methodology for determination of the fee for connection to the distribution grid.

Regulator shall within three months from the effective date of the methodology referred to in paragraph 1 of this Article, determine the fee for connection of the electric power structures to the distribution grid.

The existing method of calculation of the connection costs shall be applicable till the time it is applied the fee for connection determined by Regulator.

### **Article 111**

The restructuring and privatization of the existing public company of "Elektroprivreda Republike Srpske" (Power Utility of RS) shall be carried out pursuant to the Program of Restructuring and Privatization of JMDP (Single Public Parent Enterprise) "Elektroprivreda Republike Srpske", to be developed by the Government of Republic of Srpska in accordance with the applicable laws, and following the consultations conducted in the National Assembly of Republic of Srpska.

### **Article 112**

The Law on "Elektroprivreda Republike Srpske" (Official Gazette of the Republika Srpska, No. 10/97) shall cease to apply on 31 October 2002.

### **Article 113**

This law entered into force on 31 October 2002, i.e. 1 May 2003, i.e. 3 November 2003, i.e. 31 December 2004, i.e. 19 July 2007.