



BOSNIA AND HERZEGOVINA

MEMORANDUM OF UNDERSTANDING

BETWEEN

AGENCY FOR STATISTICS OF BOSNIA AND HERZEGOVINA

AND

STATE ELECTRICITY REGULATORY COMMISSION

RELATING TO LONG-TERM PARTNERSHIP IN AREAS OF COMMON INTEREST

Memorandum of Understanding
between
Agency for Statistics of Bosnia and Herzegovina
and
State Electricity Regulatory Commission
Relating To Long-Term Partnership in Areas of Common Interest

Taking into consideration the Law on Statistics of Bosnia and Herzegovina and the Law on Transmission of Electric Power, Regulator and System Operator in Bosnia and Herzegovina;

Having regard to the *Acquis Communautaire* (*Acquis* on Energy, *Acquis* on Environment, *Acquis* on Competition, *Acquis* on Renewables) as laid down in the Treaty Establishing the Energy Community which was signed in Athens on 25 October 2005 and entered into force on 1 July 2006;

Taking into consideration that Bosnia and Herzegovina ratified the Treaty Establishing the Energy Community by the Decision of the Presidency of Bosnia and Herzegovina on Ratification of the Treaty Establishing the Energy Community ("Official Gazette of BIH – International Treaties", No. 9/06);

Taking into consideration that the implementation of the *Acquis Communautaire* on energy and adoption of necessary measures for the opening of electricity and gas markets are supported by appropriate Road Maps (Action Plans) by each Contracting Party;

Having regard to the Directive of the European Commission with regard to the methodology to be applied for the collection of gas and electricity prices charged to industrial end-users (*Directive 2007/394/EC*);

Having regard to the Data collection methodology of gas and electricity prices for household users;

Taking into consideration principles established for the European Union stabilization and association process;

Having regard to the need to provide quality and reliable statistical data to serve as the basis for decision making processes at different levels, primarily by state and other institutions;

The Agency for Statistics of Bosnia and Herzegovina and the State Electricity Regulatory Commission (hereinafter: Signatories to the Memorandum) agreed to focus all their efforts on achieving the following:

SCOPE OF THE MEMORANDUM

The BIH Agency for Statistics shall be a representative on international level and cooperate with organizations and other authorities and meet international obligations of Bosnia and Herzegovina regarding statistics.

Statistics of Bosnia and Herzegovina aim at presenting the actual state of affairs as objective as possible, distributing data to users in a neutral and impartial manner, focusing on occurrences of relevance for decision-making authorities and respecting the right of citizens to access to public information.

The important users of statistics of Bosnia and Herzegovina include, *inter alia*, international users, first of all the United Nations Economic Commission for Europe (UN/ECE) and the Commission of the European Union, that is, its Directorate for statistics, Eurostat.

A few years before the signing of the Stabilization and Association Agreement of the European Union with Bosnia and Herzegovina, institutions in Bosnia and Herzegovina in charge of statistical affairs of Bosnia and Herzegovina had already started to harmonize and apply the international statistical standards, recommendations and practice with the aim to enable international benchmarking. After the signing of this Agreement in June 2008, the scope of tasks of the statistics of Bosnia and Herzegovina as defined by the EU Statistical Requirements Compendium will increase exponentially in the upcoming years. For the faster and more feasible development of statistics the larger scale support by institutions and governments in Bosnia and Herzegovina is also necessary with regard to the application of prescribed statistical and other international standards by public administration at all levels and the acceptance of the best practice in the collection of statistical data from the existing (harmonized) administrative sources to the extent possible.

Administrative sources might become an exclusive source of statistical data for certain statistical fields for statistical purposes solely. The role of institutions at the level of Bosnia and Herzegovina as an important source of administrative data, that is, as a producer official statistics, should be defined and stressed.

This Memorandum (hereinafter: MoU) presents the intention of the Signatories to the Memorandum to advocate for adopting best practice in the collection of statistical data and thus supporting the faster improvement of certain fields of statistics – energy statistics.

OBLIGATIONS

For every statistical activity planned in the Statistical Research Program the following elements shall be established: objectives, statistical units to be processed, organizations collecting data, data to be collected, a brief description of methodology to be used, data collection frequency.

This MoU creates the basis obligating both Signatories to undertake activities in line with respective jurisdictions of each Signatory to facilitate and expedite the process of harmonizing the official statistics with EU statistics with systematic monitoring and applying of international standards.

General goals of official statistics are also largely defined by the strategic goal of our country, approaching to European integrations, which assumes expediting of the process of harmonizing the official system of statistics with statistics of the European Union member states. Only with the full harmonization of the two systems it will be possible to compare, evaluate and make suitable decisions on measures required to improve certain segments of social life.

By establishing the partnership, the BIH Agency for Statistics and the State Electricity Regulatory Commission express a wish for mutual benefit, developing and structuring their cooperation in the areas of joint interest, and subsequently decided to act jointly to reach the common objective: establishment of quality bases for development of energy statistics, in particular statistics of electricity prices (*Statistical requirements compendium, Module 3.03.03 – Energy prices*).

AREAS OF COOPERATION

The collection of electricity prices in the European Union member states is based on Directive 90/377/EEC, which came into force in 1991. This Directive pertains to industrial consumers only, and it defines “industrial standard consumers” which are classified by consumption bands. Due to the electricity market liberalization, in June 2007 a new

methodology for the collection of data on gas and electricity prices was adopted (Directive of the European Commission with regard to the methodology to be applied for the collection of gas and electricity prices charged to industrial end-users (*Directive 90/377/EEC*)). The main changes introduced by the new methodology are as follows:

- Only one electricity price is provided per member state. According to the original methodology, some member states provided electricity prices for all or only some specific consumers while others provided prices only for some companies or specific tariffs (in case of several companies or tariff rates). As the number of market participants increased, it led to a distorted picture of the electricity price as all consumers were not included. Therefore, it was necessary to create a system for the collection of data on electricity prices which would be the cheapest and which would provide the information on a single average electricity price for every member state.
- The electricity price refers to the average price calculated for the past six months of the billing period.
- According to the old methodology, the datum on the electricity price was the datum on a price on the precisely defined date (1 January and 1 July every year). As of 1 January 2008, the electricity price refers to the average electricity price for a six-month period (January-June and July-December every year). At liberalized markets, providing the electricity price on the precisely defined date considerably distorts the information on the electricity price (the price is influenced by the weather conditions related to generation, peak loads, special offers etc.). Providing the electricity price for a six-month period considerably reduces the risk of electricity price distortion.
- Consumer categories classified by certain consumption scopes are used instead of the "standard consumer". The annual consumption is one of the most relevant factors influencing the electricity price. Other factors (maximum load, load factor, share of energy, supply interruptions, peak and off-peak periods, etc.) are also important. Taking several factors into consideration makes electricity price comparison between some countries more difficult. One of the most important elements which were criticized in the first methodology was too precise definition of the "standard consumer", which complicated the identification of consumers by companies. Classifying consumers into a certain range of consumption enabled the inclusion of all consumers and provides more accurate prices. The European Commission adopted the methodology according to which the electricity price should separately state costs of energy and supply and network charges. The network tariff includes costs of operation, maintenance and development of the network as well as costs of energy for covering losses in the network, costs of transmission, independent system operator and system services.
- Taking into account that the BIH Agency for Statistics introduces new inquiries in the energy statistics in order to expand the existing inquiry, the aim is to provide the following data:
 - Average generation and supply prices by consumption categories;
 - Electricity prices for households (prices including taxes, prices without VAT, prices without taxes) by consumer groups;
 - Electricity prices for industrial consumers (prices including taxes, prices without VAT, prices without taxes) by consumer groups;
 - Average network charges by consumption categories;
 - Total average prices by consumption categories;
 - Number of electricity consumers by consumption categories;
 - Other data.

Precise statistics are the pillars of analysis and development plans. The relevance of these inquiries is to give the real picture in terms of establishing and structuring a new system of national energy statistics in line with the European Union concept which will ensure structured and short-term information on generation, consumption and prices by energy types, renewable energy sources, efficiency of the national energy sector all the way to the calculation of the energy statistical balance in accordance with the European Union concept and national energy sector development strategy.

KEY ACTIVITIES

The cooperation shall imply all activities included in the efforts to develop/enhance and harmonize:

- exchange of information and consultation based on direct cooperation between representatives of the BIH Agency for Statistics and the State Electricity Regulatory Commission;
- exchange of data based on direct cooperation between representatives of the BIH Agency for Statistics and the State Electricity Regulatory Commission;
- cooperation regarding research, studies and conferences;
- common approach to the use of international methodologies.

Each Signatory to the Memorandum shall put maximum efforts when undertaking activities to meet the accepted obligations.

AMENDMENTS

This MoU may be amended on the basis of a written request by any Signatory of the Memorandum, which shall be done no later than 30 days after the day of the proposed request in order to take into consideration all future developmental changes in the institutions of involved parties.

This MoU shall not replace any existing law or regulation applicable in Bosnia and Herzegovina. The Signatories to the Memorandum, fully authorized, signed this MoU in two copies. This MoU shall enter into force on the day of the signing.

In Tuzla, on 19 April 2011

Agency for Statistics
of Bosnia and Herzegovina

State Electricity
Regulatory Commission

Zdenko Milinović
Director

Mirsad Salkić
Chairman