

Pursuant to Article 4.8 of the Law on Transmission of Electric Power, Regulator, and System Operator in Bosnia and Herzegovina ("Official Gazette of BiH", number 7/02), Article 6 and 7 of the Rule on Tariff Proceedings ("Official Gazette of BiH", number 44/05), deciding upon the application of "Independent System Operator in Bosnia and Herzegovina" number: 50/09 of October 30, 2009, at the session held on April 27, 2010, the State Electricity Regulatory Commission issued

DECISION ON DETERMINATION OF TARIFFS FOR ANCILLARY SERVICES

Article 1

(Subject)

By this Decision the State Electricity Regulatory Commission (SERC) shall determine tariffs for ancillary services in the power sector of Bosnia and Herzegovina.

Article 2

(Primary Frequency and Capacity Regulation)

Primary regulation of frequency and capacity is an ancillary service provided by the generation units at their own expense (free of charge).

Article 3

(Secondary Frequency and Capacity Regulation)

(1) It is determined that the tariff for ancillary services of capacity reserve for secondary frequency and capacity regulation shall amount to 16.257KM/kW per month and the financial scope of this service set for 2010 shall amount to 9,689,172 KM.

(2) "The Independent System Operator in Bosnia and Herzegovina" (ISO BiH) shall administer the procedure for purchase of the ancillary service of secondary regulation from the holders of licenses for electricity generation, i.e. from the public utilities comprising generation units which are obligated to provide the mentioned scopes of capacity for provision of the ancillary service, in accordance with the following schedule:

Month	Monthly amount required	HPP Jablanica	HPP Trebišnjica	HPP Višegrad	HPP Rama	HPP Bočac
	MW	MW	MW	MW	MW	MW
January	57	22	5	14	11	5
February	54	21	5	13	10	5
March	50	20	5	11	9	5
April	46	16	5	11	9	5
May	45	16	5	12	7	5
June	43	16	5	11	6	5
July	44	16	5	12	6	5

August	46	17	5	13	6	5
September	48	20	6	15	7	0
October	50	21	5	12	7	5
November	54	22	5	13	9	5
December	59	23	5	15	11	5

(3) When providing ancillary services, public power utilities in BiH can also nominate other generation units pursuant to Article 25 of the Market Rules.

(4) Until the realization of technical preconditions for billing, energy delivered through the secondary regulation regime shall be treated (compensated) through billing and compensation of unwanted deviations.

Article 4 (Tertiary Frequency and Capacity Regulation)

(1) It is determined that the tariff for ancillary services of capacity reserve for tertiary frequency and capacity regulation shall amount to 5.216 KM/kW and the financial scope of this service set for 2010 shall amount to 15,151,140 KM.

(2) The tariff set for electricity delivered through the tertiary regulation regime shall amount to 23.295 pf/kWh as a triple value of an electricity price of the most expensive generation unit in the system.

(3) ISO BiH shall administer the procedure for purchase of the ancillary service of tertiary regulation from the holders of licenses for electricity generation, i.e. from the public utilities comprising generation units which are obligated to provide the mentioned scopes of capacity for provision of the ancillary service, in accordance with the following schedule:

Month	Monthly amount required MW	EP HZHB		EP BIH		ERS		
		HPP Čapljina	HPP Grabovica	HPP Salakovac	HPP Višegrad	HPP Bočac	HPP Trebinje	
		MW	MW	MW	MW	MW	MW	
January	250	140	25	0	85	0	0	
February	250	140	25	0	85	0	0	
March	250	140	25	0	85	0	0	
April	250	140	25	0	85	0	0	
May	250	140	25	0	85	0	0	
June	250	140	55	5	50	0	0	
July	250	0	30	0	40	35	50	
August	250	140	30	0	30	35	15	
September	250	140	55	25	30	0	0	
October	250	140	55	5	50	0	0	
November	250	140	50	0	60	0	0	
December	250	140	25	0	85	0	0	

(4) When providing the ancillary services of tertiary regulation, public power utilities in BiH shall be obligated to provide this service within the scope of 80-100% of the reserve offered with a possibility to nominate other generation units pursuant to Article 33 of the Market Rules.

(5) ISO BiH shall be obligated to identify users who pay for electricity delivered through the tertiary regulation regime.

(6) The duration of one-off utilization of tertiary reserve can last up to six hours from the moment of its engagement pursuant to an ISO BiH order. Tertiary reserve can be used at most four times within one month. The minimum time between two engagements of tertiary reserve shall be 48 hours.

(7) The tertiary reserve engagement shall be conducted as set by Article 7.2.28-7.2.32. of the Grid Code.

Article 5

(Regulation of Voltage and Reactive Power)

Regulation of voltage and reactive power is an ancillary service provided by the generation units at their own expense (free of charge).

Article 6

(Black-start)

Black start is an ancillary service provided by the generation units at their own expense (free of charge).

Article 7

(Excessive Take-on of Reactive Power)

(1) The tariff set for excessive take-on of reactive power from the transmission network shall amount to 1.00 pf/kvarh.

(2) The tariff for excessive take-on of reactive power shall be paid by eligible customers connected to the voltage of 110kV and higher to the respective balance responsible party. In accordance with monthly billing by ISO BiH, payments among balance responsible parties shall be conducted on the basis of the share in the reactive power injection during the relevant monthly period.

Article 8

(Covering Losses in the Transmission Network)

(1) The tariff set for the ancillary services of covering losses in the transmission network shall amount to 7.02 pf/kWh based on an average price at the threshold of generation units in Bosnia and Herzegovina.

(2) Pursuant to the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of the Independent System Operator and Ancillary Services and the data on losses in the transmission network according to the Power Balance in the transmission network for 2010 that amount to 330 GWh, it is determined that the financial scope of this service shall amount to 23,166,000 KM on an annual basis.

(3) Before the beginning of each calendar month, ISO BiH shall submit to the entities holding licenses for electricity generation, that is, public power utilities in BiH, their obligations and daily

24-hour charts of energy that they shall be obligated to provide to cover losses in the transmission network for the following calendar month. These volumes shall be reported within daily planning procedures.

(4) Upon the expiry of each calendar month, in accordance with the data from a daily schedule and the data received from the metering points, ISO BiH shall make calculation of losses in the transmission network indicating energy and financial standings of all entities. The tariff from paragraph (1) of this Article shall be used for the amounts that occur as obligations and receivables among public power utilities in BiH after monthly calculation by ISO BiH.

(5) Obligations of entities that do not have their own generation (eligible customers and Brčko District of Bosnia and Herzegovina) related to covering of transmission losses shall be defined by balancing contracts that shall be concluded with a balance responsible party no later than 15 days after the entry into force of this decision. Obligations of entities that do not have their own generation toward the relevant balance responsible party shall be calculated in accordance with tariffs based on average generation prices of active energy at the threshold of generation units within balance responsible parties and electricity taken over from the transmission network in 2010 as follows:

BOS EP HZHB	0,1761 pfennig/kWh,
BOS EP BiH	0,2373 pfennig /kWh,
BOS ERS	0,1660 pfennig /kWh.

Article 9

(Total Tariff for Secondary and Tertiary Regulation)

(1) Based on an annual amount required for the purchase of the services of secondary regulation (capacity) and tertiary regulation (capacity) totaling 24,840,312 KM and the total energy of 11,667,179,935 kWh to be taken over from the transmission network in 2010, it is determined that:

- tariff for secondary regulation shall amount to 0.0830 pf/kWh,
- tariff for tertiary regulation shall amount to 0.1298 pf/kWh,
- total tariff for secondary and tertiary regulation shall amount to 0.2128 pf/kWh.

(2) Tariffs for services from the previous paragraph shall be paid by "Komunalno Brčko" and eligible customers connected to the voltage of 110kV and higher to the respective balance responsible party.

Article 10

(Billing)

(1) ISO BiH shall prepare bills for all ancillary services on a monthly basis. Bills shall include all elements required by service providers for delivery of appropriate invoices (users of services, physical and financial scope of services etc.) The bills determined in this manner shall be part of ISO BiH monthly reports which shall be submitted to SERC and service providers and users.

(2) Pursuant to Article 35 of the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of Independent System Operator and Ancillary Services ("Official Gazette of BiH", number 46/05, 17/07 and 11/09), service providers shall submit copies of invoices to ISO BiH.

Article 11

(Obligation of entities in the power sector aimed at creating conditions for the improvement of the ancillary service system)

(1) Public power utilities in BiH that do not have installed meters at all delivery points with the transmission network shall be obligated to install adequate meters pursuant to the Grid Code no later than October 31, 2010.

(2) Pursuant to the Grid Code, ISO BiH, "Elektroprijenos Bosne i Hercegovine" and generators shall be obligated to define by a separate document the organization and the method of distance meter reading for data that are necessary for the provision of ancillary services as well as settlement and related payments.

(3) ISO BiH and public power utilities in BiH shall be obligated to define by a separate document all required criteria and procedures for ancillary services no later than October 31, 2010.

(4) Pursuant to the Market Rules, no later than October 31 2010, ISO BiH and public power utilities in BiH shall be obligated to define a proposal of an Agreement on ancillary services defining precise volumes of secondary and tertiary reserves of the generators that ISO BiH shall engage in accordance with the criteria defined.

(5) ISO BiH shall be obligated to organize the activities from paragraphs (1), (2), (3) and (4) and report to SERC on a regular basis on their results.

Article 12

(Tariff Modifications)

SERC shall be entitled to modify the tariffs for ancillary services in accordance with the dynamic schedule of the Market Rules implementation.

Article 13

(Final Provisions)

(1) This Decision shall enter into force on the day of its issuance, and it shall be applied as of May 1, 2010 and published in the "Official Gazette of BiH" and the official gazettes of the entities and Brčko District of Bosnia and Herzegovina.

(2) The Decision with Rationale shall be submitted to the applicant and interveners in the tariff proceedings and published on the SERC web-site no later than 30 days after its issuance.

Number: 04-28-5-348-79/09
April 27, 2010
Tuzla

Chairman of the Commission
Vladimir Dokić, M.A.