

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 and 13/03), Article 7 and 18 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: 33/06 of October 27, 2007, at its session held on April 19, 2007, the State Electricity Regulatory Commission issued

DECISION

1. It is determined that the annual revenue requirement of the "Independent System Operator in Bosnia and Herzegovina" (ISO BiH) shall amount 4,663,980 KM and the tariff for its operation shall be 0.0346 pf/kWh.
2. The tariffs for ancillary services shall be as follows:
 - *Primary Frequency and Capacity Regulation*

Primary regulation of frequency and capacity shall be an ancillary service provided by generation units at their own expense (free of charge).
 - *Secondary Frequency and Capacity Regulation*

The financial scope of this service on the annual level for 2007 is set in the amount of 4,811,009 KM and the tariff for the ancillary service of capacity reserve for secondary frequency and capacity regulation is set in the amount of 8.113 KM/kW.

The tariff for electricity supplied within the secondary regulation regime shall amount 22.9 ph/kWh.
 - *Tertiary Frequency and Capacity Regulation*

The financial scope of this service on the annual level for 2007 is set in the amount of 11,007,188 KM and the tariff for the ancillary service of capacity reserve for tertiary frequency and capacity regulation is set in the amount of 3.688 KM/kW.

The tariff for electricity supplied within the tertiary regulation regime shall amount 22.9 ph/kWh.
 - *Regulation of Voltage and Reactive Power*

Regulation of voltage and reactive power shall be shall be an ancillary service provided by generation units at their own expense (free of charge).
 - *Black-start*

Black-start shall be an ancillary service provided by generation units at their own expense (free of charge).
 - *Costs of Losses of Electricity in the Transmission Network*

The financial scope of this service on the annual level for 2007 is set in the amount of 22,309,809 KM.

The tariff for electricity which covers losses in the transmission network shall amount 6.38 pf/kWh.

- *Excessive Take-on of Reactive Power*

The tariff for excessive take-on of reactive power from the transmission network shall amount 0.911 pf/kWh.

3. The tariff from Item 1 of the Decision shall be applicable to the customers in Bosnia and Herzegovina who take over electricity from the transmission network as well as to the owners of licenses for international trade in electricity who declare electricity export.
4. ISO BiH shall be obligated to conduct calculations on a monthly basis for all ancillary services and set appropriate amounts for billing between the entities that provide and those that use ancillary services, as well as to prepare the report on the physical and financial scope of ancillary services that are registered in the given month, which shall be distributed to SERC, and providers and users of ancillary services.
5. During the dry run ISO BiH shall conduct physical and financial calculations pursuant to Item 4 of the Decision, with the financial calculation not being effective.

The dry run shall last from May 1, 2007 until the date which SERC shall determine in a separate decision.

SERC shall keep the right to adjust tariffs for ancillary services in accordance with the dry-run results and the dynamics of the Market Rules implementation.

6. The regulatory authorities for electricity in the Federation of Bosnia and Herzegovina and the Republika Srpska, as well as the competent authority of Brčko District, shall use the tariffs set by this Decision when setting end-customer tariffs in accordance with the structure of tariff elements for specific consumption categories.
7. This Decision shall enter into force on the day of its issuance, and it shall be applied as of May 1, 2007 and published in the "Official Gazette of BiH" and the official gazettes of the entities and Brčko District of Bosnia and Herzegovina.

The Decision with rationale shall be distributed to the applicant and interveners in the tariff proceedings and shall be published on the SERC web site no later than 30 days after its issuance.

Reference Number: 04-321-59/06

April 19, 2007

Tuzla

Chairman of the Commission

mr Vladimir Dokić