

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, 13/03, 76/09 and 1/11), 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: 34/11 of 28 October 2011, at the session held on 22 December 2011, the State Electricity Regulatory Commission adopted

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 system 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) The tariff set for ancillary services of capacity reserve for secondary frequency and capacity regulation shall amount to 15.071 KM/kW on a monthly basis and the financial scope of this service set for 2012 shall amount to 9,509,695.83 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 owners of licenses for electricity generation, i.e. from the power 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	HE Jablanica	HE Trebišnjica	HE Višegrad	HE Rama	HE Bočac
	MW	MW	MW	MW	MW	MW
January	58	23	5	15	10	5
February	56	21	5	15	10	5
March	55	21	5	15	9	5
April	51	17	5	15	9	5
May	48	18	5	15	5	5
June	48	18	5	15	5	5
July	48	23	5	15	0	5
August	49	24	5	15	0	5
September	51	25	6	15	0	5

October	53	26	6	16	0	5
November	55	25	5	20	0	5
December	59	28	6	20	0	5

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

Article 4

(Tertiary Frequency and Capacity Regulation)

- (1) The tariff set for ancillary services of capacity reserve for tertiary frequency and capacity regulation shall amount to 5.584 KM/kW on a monthly basis and the financial scope of this service set for 2012 shall amount to 16,752,730 KM.
- (2) The tariff set for electricity delivered through the tertiary regulation regime shall amount 24.712 pfennig/kWh as three-time increased 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 owners of licenses for electricity generation, i.e. from the power 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	EP HZHB		EP BIH		ERS	
		HE Čapljina	HE Grabovica	HE Salakovac	HE Višegrad	HE Trebinje	
		MW	MW	MW	MW	MW	MW
January	250	140	25	0	85		
February	250	140	25	0	85		
March	250	140	25	0	85		
April	250	140	15	10	85		
May	250	140	25	0	85		
June	250	140	60	0	50		
July	250	140	70	0	40		
August	250		55	85	70	40	
September	250	140	10	70	30		
October	250	140	45	15	50		
November	250	140	50	0	60		
December	250	140	25	0	85		

- (4) When providing ancillary services of tertiary regulation, the power utilities in BiH shall be obligated to provide this service in the scope of 80-100% of the reserve offered with the possibility to nominate other generation units as well, 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 7.2.22-7.2.30. 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 1.087 pfennig/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 of Losses in the Transmission Network)

- (1) The tariff set for ancillary services for covering losses in the transmission network shall amount to 7.61 pfennig/kWh, on the basis of the average price at the bus bar of generation facilities in Bosnia and Herzegovina.
- (2) Pursuant to the Tariff pricing methodology for services of electricity transmission, operation of independent system operator and ancillary services and data on losses in the BiH transmission network in 2012, which amount to 341 GWh, the set financial scope of this service on an annual basis shall amount to 27,619,052.24 KM.
- (3) Before the beginning of each calendar month, ISO BiH shall deliver to the entities which own electricity generation licenses, i.e., power utilities in BiH, their obligations and daily 24-hour charts of energy which they shall be obligated to provide for covering of losses in the transmission network in the forthcoming calendar month. These amounts shall be reported within daily planning procedures.

- (4) Upon the expiry of each month, in accordance with data from daily schedules and data obtained from measuring points, ISO BiH shall prepare invoices for losses in the transmission network specifying energy and financial positions of all entities. The tariff referred in Paragraph (1) of this Article shall be used for any amount which shows up as payables and receivables among the power utilities in BiH (balance responsible parties) after the monthly billing by ISO BiH.
- (5) The obligations of entities without their own generation (eligible customers and Brčko District of Bosnia and Herzegovina) with regard to covering of losses in the transmission network shall be specified in balancing contracts which are to be concluded with the balance responsible party no later than 15 days after the entry into force of this Decision. The obligations of entities without their own generation towards the relevant balance responsible party shall be calculated in accordance with tariffs on the basis on the basis of the average generation price of active energy at the bus bar of generation within the balance responsible parties and electricity taken over from the transmission network in 2012 as follows:

BOS EP HZHB	0.2575 pfennig/kWh,
BOS EP BiH	0.2576 pfennig /kWh,
BOS ERS	0.1682 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), tertiary regulation (capacity) totaling 26,262,425.83 KM and the total energy of 12,072,550,000 kWh to be taken over from the transmission network in 2012, it is determined that:
 - a) tariff for secondary regulation shall amount to 0.0788 pfennig/kWh,
 - b) tariff for tertiary regulation shall amount to 0.1388 pfennig/kWh,
 - c) total tariff for secondary and tertiary regulation shall amount to 0.2176 pfennig/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.
- (3) In case that the scope of available regulation is lower than the scope of required regulation, monthly financial amounts which are paid by the entities referred to in Paragraph (2) of this Article shall be reduced proportionally to the ratio of the scope of available and required regulation.

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, service providers and users.

- (2) Pursuant to Article 34 of the Tariff Pricing Methodology for Services of Electricity Transmission, Operation of Independent System Operator and Ancillary Services – revised text (“Official gazette of BiH”, number 93/11) service providers shall submit copies of invoices to ISO BiH.

Article 11
(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 12
(Final provisions)

- (1) This Decision shall enter into force on the day of its adoption, and it shall be applied as of 1 January 2012 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 delivered to the applicant and interveners in the tariff proceedings and published on the SERC website no later than 30 days from the day of the adoption.

Number: 04-28-5-321-36/11

22 December 2011

Tuzla

Chairman of the Commission

Nikola Pejić