

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, 7/02, 13/03, 76/09 and 1/11) and Articles 6, 7 and 9 of the Rule on Tariff Proceedings (Official Gazette of BiH, 44/05), deciding upon the application of the Independent System Operator in Bosnia and Herzegovina, number 80/29 of 24 October 2025, at its session held on 23 December 2025, the State Electricity Regulatory Commission passed a

DECISION

1. It is determined that the annual revenue requirement of the Independent System Operator in Bosnia and Herzegovina in 2026 shall amount to BAM 14,119,425.
2. The tariff for operation of an independent system operator shall be set to an amount of:
 - 0.0095 fening/kWh, which is paid for electricity injected into the transmission system, and
 - 0.1171 fening/kWh, which is paid for electricity withdrawn from the transmission system.
3. The annual revenue requirement for 2026 is approved in accordance with the breakdown and amounts as given in the third column of the following table:

Description	2026 <i>requested</i>	2026 <i>approved</i>	Index <i>(3/2)</i>	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	
Costs of material	71,000	65,000	0.915	
Costs of energy sources and utilities	158,000	148,000	0.937	
Costs of services	3,676,800	3,335,600	0.907	
Employees' gross salaries and allowances	6,600,000	6,415,980	0.972	
Depreciation	2,330,548	2,100,000	0.901	
Financial costs	335,000	285,000	0.851	
Travel costs	195,000	185,000	0.949	
Other taxes and charges	40,000	40,000	1.000	
Other expenditures	1,738,000	1,738,000	1.000	
A. Total costs and expenditures	15,144,348	14,312,580	0.945	
1. Surplus revenue	325,854			
2. Surplus expenditure				
3. Other revenues	193,155	193,155	1.00	
B Revenues based on electricity (A+1–2–3)	14,509,329	14,119,425	0.924	
C. Energy (kWh)	generation	14,785,764,950	14,785,764,950	1.000
	consumption	10,461,279,437	10,848,346,776	1.037
D. Tariff (fening/kWh)	generators	0.0103	0.0095	0.922
	customers	0.1314	0.1171	0.891

4. Upon the expiry of each calendar month, the Independent System Operator in Bosnia and Herzegovina and Elektroprenos Bosne i Hercegovine, in cooperation with licence holders for electricity distribution, customers directly connected to the transmission system and licence holders for electricity generation in possession of generation facilities connected to the transmission system, including facilities put into trial operation, shall be obligated to prepare a report on energy volumes at all points of injection into, as well as withdrawal from the transmission system.

5. On the basis of the report referred to in point 4 of this decision, services of an independent system operator for customers connected to the transmission system and customers connected to the distribution system shall be billed to their suppliers and the distribution system operator (DOS), that is, legal person within which DOS operates, respectively. Services of an independent system operator for a generator injecting and/or withdrawing electricity into/from the transmission system shall be billed to the licensed generator, that is, legal person within which the generator operates.
6. The tariff for the operation of an independent system operator shall not be charged for energy withdrawn by an electricity storage facility.
7. The tariff set out by this decision shall be used when setting end-customer tariffs/prices in accordance with the structure of tariff elements within individual consumption categories.
8. This decision shall enter into force on the day of the adoption and it shall be applied as of 1 January 2026.

The operative part of the Decision shall be published in the “Official Gazette of BIH” and the official gazettes of the Entities and the Brčko District of BIH.

Statement of Rationale

The Independent System Operator in Bosnia and Herzegovina (hereinafter: NOS BIH) is one of the regulated entities in the electric power sector with the task to manage the transmission system operation in Bosnia and Herzegovina. NOS BIH competences and functions have been defined by the Law on Transmission of Electric Power, Regulator and System Operator in Bosnia and Herzegovina (Official Gazette of BIH, 7/02, 13/03, 76/09 and 1/11) and the Law Establishing an Independent System Operator for the Transmission System of Bosnia and Herzegovina (Official Gazette of BIH, 35/04).

NOS BIH is a holder of the licence for performance of the activity of an independent system operator pursuant to the Decision of the State Electricity Regulatory Commission (hereinafter: SERC), number 05-28-12-17-19/19 of 27 June 2019 (Official Gazette of BIH, 45/19).

Pursuant to Article 21 of the Tariff Pricing Methodology for services of electricity transmission, an independent system operator and ancillary services (Official Gazette of BIH, 57/25 – hereinafter: the Tariff Methodology), the tariff for operation of an independent system operator is determined on the basis of costs of performance of a regulated activity and a physical scope of services within that activity. Costs of performance of the regulated activity and physical scope of services provided by the regulated entity are determined on the basis of data included in the tariff application. When determining tariffs, SERC may also use additional data if it deems necessary.

While reviewing the tariff application through tariff proceedings, the basic principles prescribing that tariffs should be just and reasonable, non-discriminatory, based on objective criteria and justified costs and set in a transparent manner have to be respected to the maximum extent possible. An applicant seeking approval of a tariff is obligated to prove that the proposed tariff meets all the requirements of BIH laws and SERC rules and regulations.

The tariff proceedings for setting of the tariff for operation of an independent system operator and the tariffs for system service and ancillary services were initiated at the request of NOS BIH, number 80/25 of 24 October 2025 (received on 28 October 2025 under number 04-28-5-306-1/25).

The following costs and expenditures for 2026 are stated in the NOS BIH application: costs of material amounting to BAM 71,000, costs of energy sources and utilities amounting to BAM 158,000, costs of services amounting to BAM 3,676,800, employees' gross salaries and allowances amounting to BAM 6,600,000, depreciation amounting to BAM 2,330,548, financial costs amounting to BAM 335,000 BAM, travel costs amounting to BAM 195,000, other taxes and charges amounting to BAM 40,000, and other expenditures amounting to BAM 1,738,000, making a total of BAM 15,144,348 for costs and expenditures.

Furthermore, NOS BIH asked for approval of a surplus of revenues over expenditures amounting to BAM 325,854 which would ensure funds for loan repayment.

NOS BIH states that the financial operations in 2026 will be significantly influenced by several factors, in particular emphasising loan repayment, the costs of services incurred by participation in activities and projects of the European Network of Transmission System Operators for Electricity (ENTSO-E), and investments for which depreciation funds are not ensured.

The application also includes the planned physical scope of services in the transmission network in 2026, which relies on the data from the Power Balance in the BIH Transmission Network for 2026 according to which the planned delivery of electricity from the transmission system in 2026 amounts to 10,461,279,437 kWh, while planned generation of the power plants connected to the transmission network amounts to 14,785,764,950 kWh.

Following the documentation review, the completeness of NOS BIH application was confirmed by the SERC Conclusion on initiating tariff proceedings for the operation of an independent system operator and tariffs for system service and ancillary services number 04-28-5-360-2/25 of 29 October 2025, of which NOS BIH was informed accordingly by the letter number 04-28-5-360-3/25 of 29 October 2025, so it was possible to proceed with the tariff proceedings through evaluation of all submitted proofs with SERC keeping the right to ask for additional data and information if deemed necessary.

NOS BIH application was resolved by conducting a formal public hearing pursuant to the Rules of Hearing Procedures (Official Gazette of BIH, 38/05), in accordance with the provision in Article 45 thereof, by a short notice in the daily newspapers and on its website SERC informed the public of a summary of the submitted application and the possibility to get familiarised with the application directly and submit comments on the subject of the tariff proceedings in writing, while the entire documentation of the tariff application was published on the SERC website. By the public notice the persons interested to participate in the formal hearing as interveners were also invited and asked to provide the evidence of their interest in writing beforehand, and the formal hearing on the application was announced.

After the submission of requests for intervener status, by its Conclusion number 04-28-5-360-11/25 of 12 November 2025, in order to hear their respective positions and interests SERC granted the status of interveners in the tariff proceedings to the following entities: MH "Elektroprivreda Republike Srpske" Parent Company a.d. Trebinje, JP "Elektroprivreda Bosne i Hercegovine" d.d. Sarajevo and JP "Elektroprivreda Hrvatske zajednice Herceg Bosne" d.d. Mostar.

None of the mentioned interveners used the right to have a direct insight into the complete documentation of the tariff application at the SERC premises.

A preliminary hearing on the submitted ISO BIH tariff application was held on 18 November 2025. At the preliminary hearing a list of questions to be discussed at the hearing was specified and the course of the formal hearing was defined. At the formal public hearing, which was held on 27 November 2025, the parties to the proceeding presented their respective proofs for the purpose of determining all relevant facts. Every question was processed by

dividing the questions into thematic groups and by a successive reply of the applicant and comments thereon by the interveners and the Presiding Officer.

The Presiding Officer's report describes the course of the proceeding, offered proofs and established facts, relevant legal provisions and recommendations to the Commissioners (hereinafter: the Commission) and it was delivered to the applicant and the interveners whose status as such was legally acknowledged by SERC. An analysis of costs and revenues as presented in the Presiding Officer's Report confirmed, rejected or adjusted the individual items, values or methods used while preparing the tariff proposal in accordance with the SERC discretionary rights in the tariff proceedings.

The Commission concludes that the Presiding Officer's Report provided reasonable grounds for the Commission to pass its final decision on the tariff for operation of an independent system operator based on the data provided, arguments and explanations as well as the comments of the applicant and the interveners made on the proposal of this report after due consideration and assessment thereof. Regarding the subject-matter of this Decision, JP "Elektroprivreda Bosne i Hercegovine", d.d. Sarajevo in the capacity of intervener provided comments on the Presiding Officer's Report, in which they expressed the view that the Presiding Officer's Report is largely based on the presented facts and business logic. They are of the opinion that the proposed increases of NOS BIH are too high, and that considering that there is a significant surplus of revenue over expenditures, it is not appropriate to approve the tariff increase or the surplus as a component of the revenue requirement. They are of the opinion that NOS BIH should further consider hiring new employees, bearing in mind that the procurement of new software will facilitate and speed up the work of the currently employed staff. NOS BIH, in addition to the general comment that the proposed tariffs for operation are not sufficient, focuses on four cost items in its comments, insisting on approval of the costs in accordance with the amounts provided in the tariff application, and expects the Commission to consider their comments with ultimate seriousness and responsibility and accept the facts provided both in the planning documents and in additional replies during the public hearing and their comments on the Report.

When passing a decision for setting of the tariff for operation of an independent system operator, the Commission has to focus its analysis on all elements of the cost structure as pointed out by the applicant, the analysis of costs and revenues as presented in the Presiding Officer's Report as well as on the applicant's and interveners' comments presented during the whole proceedings and pass a decision about the submitted application after a comprehensive analysis. In line with these obligations, the Commission presents the following points of view:

When determining the costs of material, taking into consideration the costs realised in the previous period and the fact that the realisation is lower than the planned value, as well as the slow dynamic of the spare parts procurement, the Commission accepts the Presiding Officer's proposal and finds it reasonable to approve an amount of BAM 65,000 for the costs of material in 2026.

With regard to the costs of energy products and utilities, in its application NOS BIH pointed out that the relevant technical standards were taken into consideration in the planning phase, which may result in smaller or larger deviations in comparison to the planned amounts. With the assumption that the surface area of the existing business premises will not change and with a reasonable approach to energy efficiency measures, the Commission supports the arguments of the Presiding Officer while processing the items of the planned costs of NOS BIH for energy products and utilities and approves the proposed amount of BAM 148,000.

The cost of services is the second largest cost in the breakdown of total costs of NOS BIH. It was pointed out in the application that almost all planned costs under this category had increased in comparison to the previous year. In the tariff application, the services of hardware

and software equipment maintenance, costs of professional training and the services of the Security Coordination Centre (SCC) totalling more than 2.5 million BAM are noticed in particular due to the level of costs. Therefore, the Commission pays special attention to the individual costs in this category which are dominant in terms of their amounts and relevance.

The annual costs of financing the work of the Security Coordination Centre (SCC) which, due to an increase in the scope of services and a decrease in the number of users, reach the amount of BAM 845,000, are accepted and approved as well as the costs of the Coordination Auction Office in South East Europe (SEE CAO) amounting to BAM 139,000. Although the increase in the cost of annual financing of the work of the Security Coordination Centre (SCC) is significant, alternative solutions in the form of using the services of other coordination centres in Europe, such as TSCNET in Munich or SEleNe CC in Thessaloniki, are significantly less favourable from a cost perspective.

With a rational approach to the realisation of the cost of hardware and software equipment maintenance, the Commission accepts the argumentation of the applicant to some extent. Since a significant part of the cost structure of software equipment is made up of costs related to obligations towards ENTSO-E on which NOS BIH has no influence, and the exact amount of the cost is obtained at the end of the year, the Commission approves BAM 1,121,990. An amount of BAM 355,000 is approved for the hardware maintenance (corporate IT system, network infrastructure and boiler room).

For professional training services in 2026, NOS BIH stated the amount of BAM 195,000. The Commission accepts the facts provided in the Presiding Officer's Report regarding the professional training of employees to work on systems related to ENTSO-E, for which funds in the amount of BAM 150,000 are approved. It is considered that the level of approved funds, with a rational approach when contracting training, is sufficient for the training and work of a sufficient number of employees on the coordination of the work of protective devices, the analysis of contingency events as well as the additional obligations as defined by the Grid Code.

The Commission accepts and recognises the costs of bank transfers and commissions amounting to BAM 90,000 which were caused by additional inflows and outflows (international payments) based on the financial settlement of unintended deviations of the control area (FSKAR). The cost of regulatory fee for 2026 totalling BAM 139,000, the cost of other services in the requested amount of BAM 99,000 and the services of SCADA system maintenance amounting to BAM 200,000 are recognised and justified.

Considering that NOS BIH may also influence on amounts of other individual cost items (costs of equipment maintenance, advertising services, information security and professional training) without jeopardising the functionality of its operation, and monitoring the previous realisation, the Commission approves the costs of services totalling BAM 3,335,600.

With the need to optimise the service procurement by the applicant, without prejudice to the amounts per individual cost items, the Commission is of the opinion that the maintenance services may be realised within the total amount approved for the cost of services.

Labour costs are the dominant costs in business operations of NOS BIH. In the application, it is pointed out that the planned amount has been increased due to the hiring of new employees in 2025, which will be realized in full in 2026. In this context, the Commission increases the amount for the position of labour costs (employees' gross salaries and allowances) and approves a total of BAM 6,415,980. It is considered that the level of approved funds, with a more rational approach to realising labour costs and encouraging NOS BIH at the same time to include its own labour force in the activities which otherwise require the engagement of external services, is sufficient for efficient business operations of NOS BIH in 2026.

NOS BIH asked for approval of the depreciation cost for 2026 amounting to BAM 2,330,548. As in the previous tariff proceedings, the Commission suggests to NOS BIH to regulate its accounting policies with regard to the assessment of a useful life of fixed assets so that they would correspond to the SERC's approach when justifying costs.

The Commission observes a significant difference between the realised and planned values of depreciation in the previous period, and in that context, it encourages NOS BIH to carry out harmonisation by determining priority investments and the size and dynamics thereof, in order to avoid sudden tariff changes. The Commission approves the cost of depreciation amounting to BAM 2,100,000.

In its application for approval of financial costs, NOS BIH requested an amount of BAM 335,000. As the largest part of financial costs pertain to interest rates on loans, leasing costs and insurance premiums, NOS BIH also submitted the Investment and Loan Plan for 2026 as part of its application. Under the plan, the new investments will be funded from its own funds based on depreciation, new loans and the additional projected surplus of revenues amounting to BAM 325,854. Furthermore, NOS BIH emphasised that the amount of depreciation, including the depreciation of assets planned to be purchased in 2026, will not be sufficient to pay obligations to domestic creditors. Taking into account the fact that the financial operations of NOS BIH in the previous four-year period from 2021 to 2024 was very positive, and that in that period a total surplus of revenues over expenditures amounted to BAM 4,136,317, the Commission considers that the institution has a sufficient amount of funds to repay the loan principal, and approves a total of BAM 285,000 for financial expenses.

With regard to the above, the Commission continues to expect the applicant to fully comply with the provisions of the Law Establishing an Independent System Operator for the Transmission System of Bosnia and Herzegovina, meaning that any loan debt, a loan or acceptance of grants should be preceded by the adoption of an investment plan, an investment decision of NOS BIH management structures with SERC being informed thereof in a timely manner and, if deemed necessary, obtaining SERC approval pursuant to the competences defined by law.

Travel costs are a group of costs with rather equal realisation during the previous years. When determining this cost, the Commission takes into consideration the significance of the cost in question for carrying out business activities at the national and international level, and bearing in mind the realistic increase in the prices of transportation, air tickets and hotel accommodation, approves this cost in the amount of BAM 185,000.

Other taxes and charges are a group of costs which primarily includes charges and taxes that do not depend on business results. Taking into consideration the legal nature of this cost, which is partially calculated on the basis of the net income of an employee as well as charges and taxes on which NOS BIH has no influence, and considering that during the formal public hearing on this group of costs there were no interveners' comments, the Commission finds it reasonable to approve the requested amount of BAM 40,000 for 2026.

With regard to determining the level of other expenditures, the Commission takes into account the fact that the membership fees in organisation in which NOS BIH participates are high and that the institution has no direct influence on them (the ENTSO-E membership fee and other membership fees). Consequently, the amount for membership fees is approved at the level of BAM 1,338,000. Acknowledging the fact that NOS BIH has no direct influence on these costs, the Commission approves other expenditures in the amount of BAM 1,738,000.

Taking into consideration the aforementioned reviews and approval of individual costs, the justified costs of NOS BIH for 2026 amount to BAM 14,312,850 in total. The revenue of NOS

BIH should cover all mentioned justified costs of the regulated entity, that is, it should equal the amount of these costs. Furthermore, in 2026 NOS BIH will have some revenues which are donated funds amounting to BAM 193,155. Having in mind that, according to the accounting rules, NOS BIH enters the same amount as expenditures, so the effect is neutral from the aspect of income statement, the total revenue requirement is reduced by the mentioned amount. By putting into relation total justified costs to other revenues of the ISO BIH, the revenue requirement for 2026 amounting to BAM 14,119,425 is obtained which should be achieved from the tariff for operation of an independent system operator. Having analysed the requested costs, expenditures and other revenues of the applicant, the State Electricity Regulatory Commission sets and approves an amount of BAM 14,119,425 in total as the revenue requirement of the Independent System Operator in Bosnia and Herzegovina in 2026.

Considering the actual withdrawal of electricity from the transmission system in 2026 as well as the fact that the balancing item of energy withdrawn from the transmission system was continuously underestimated, for the purpose of harmonisation with the actual consumption trend, the Commission is of the opinion that the value of 10,848,346,776 kWh better reflects the current situation, and, consequently, is taken as relevant for the calculation of the tariff component for operation of an independent system operator which is paid for electricity withdrawn from the transmission system (L component). For the purpose of calculating the tariff component for operation of an independent system operator which is paid for electricity injected into the transmission system (G component), the balancing item of produced energy is used, amounting to 14,785,764,950 kWh.

The tariff for operation of an independent system operator is set by putting into relation the revenue requirement to be achieved from the tariff and the amount of electricity which is withdrawn from the transmission network and which is injected into the transmission network, taking into consideration the 90%:10% ratio of L and G component. The same as in the previous tariff proceedings, pursuant to the Tariff Methodology, a part of NOS BIH revenue requirement pertaining to the tariff paid by energy entities for electricity injected into the transmission system is determined in an amount of 10% of the revenue requirement realised from the tariff. Taking into consideration all the aforesaid, the tariff for operation of an independent system operator operation is set as stated in the operative part of the Decision.

The same as in the previous tariff proceedings, the Commission will continuously monitor the application of determined tariff and the realisation of the Power Balance in the BIH Transmission Network and make its adjustment if deemed necessary. NOS BIH is obligated to finance the individual elements of the revenue requirement within the values as approved by this decision.

It is the opinion of the Commission that the tariff set in the stated amount ensures the revenue requirement for efficient, safe and reliable operation of NOS BIH, that is, it enables covering of all costs and expenditures reasonably incurred in its business activities. Within the reasonable discretionary right of the Commission to confirm the representativeness and validity of all submitted data and statements, to estimate the level of possibility of realising all projected costs and expenditures, having comprehensively considered all the proofs pointed out in the application, Presiding Officer's Report and comments of the applicant and the interested parties (interveners), the Commission decided as stated in the operative part of the decision.

Pursuant to Article 14 of the Rule on Tariff Proceedings, the applicant as a regulated entity is obligated to enable public access to the officially approved tariff by making tariffs approved by a decision accessible to the public at its main business office during working days and publishing them on its website.

Pursuant to Article 9.2. of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina, proceedings may be initiated before the Court of Bosnia and Herzegovina against this Decision by filing a lawsuit within sixty (60) days of receipt thereof.

Number: 04-28-5-306-31/25
23 December 2025
Tuzla

Chairman of the Commission
Suad Zeljković