

Pursuant to Articles 4.2. and 4.8. of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BiH, 7/02, 13/03, 76/09 and 1/11) and Article 33 of the Methodology for development of tariffs for services of electricity distribution in the Brčko District of Bosnia and Herzegovina (Official Gazette of BiH, 89/11 and 90/14), deciding upon the application of the Public Utility „Komunalno Brčko" d.o.o., Brčko, number 03-02700/25 of 27 November 2025, at its session held on 21 January 2026, the State Electricity Regulatory Commission passed a

DECISION

ON TARIFFS FOR ELECTRICITY DISTRIBUTION SERVICES IN THE BRČKO DISTRICT OF BOSNIA AND HERZEGOVINA

Article 1

(Subject Matter)

This decision defines tariffs, that is, electricity distribution prices presented through tariff rates, which are used for billing and charging electricity distribution services for customers in the Brčko District of Bosnia and Herzegovina.

Article 2

(Annual Revenue Requirement)

It is determined that the annual revenue requirement of the Public Utility „Komunalno Brčko" d.o.o., Brčko (hereinafter: Komunalno Brčko) for the electricity distribution activity shall amount to BAM 18,837,808.

Article 3

(Tariff Rates)

Tariff rates for electricity distribution services for customers in the Brčko District of Bosnia and Herzegovina shall be as follows:

Description			Tariff rates for electricity distribution services *		
			Billing demand	Active power	Excessive withdrawal of reactive power
Consumption categories and customer groups	Unit of measurement		BAM/kW/month	fening/kWh	fening/kvarh
Name of category	Name of group	Time of day			
35 kV		VT	4.55	1.73	2.52
		MT		0.87	
10 kV		VT	8.98	2.08	3.18
		MT		1.04	
0.4 kV – public lighting		ST		7.88	
0.4 kV – other consumers	1 TG	VT	13.80	2.81	4.40
		MT		1.41	
	2 TG	ST	3.70	4.66	3.95
		VT		9.04	
3 TG	VT	3.70	4.52	3.95	
	MT		4.52		
0.4 kV – households	1 TG	ST	2.22	4.73	
	2 TG	VT		6.56	

		MT		3.28	
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* *Tariff rates do not include value added tax.*

Article 4

(Billing Demand)

Billing demand shall amount to 5 kW for tariff groups of customers belonging to consumption categories at 0.4 kV where billing demand is not determined by metering (2. and 3. tariff group from the category *other consumers*, 1. and 2. tariff group from the category *households*).

Article 5

(Time-of-Day Tariff Rates)

- (1) Time-of-day tariff rates for active power shall be applied as follows:
 - a) high daily tariff rates (VT) from 6:00 to 22:00 hrs and 7:00 to 23:00 hrs during the winter and summer daylight saving time schemes respectively,
 - b) low daily tariff rates (MT) from 22:00 to 6:00 hrs and 23:00 to 7:00 hrs during the winter and summer daylight saving time schemes respectively.
- (2) As an exception to paragraph (1) of this article, time-of-day tariff rates for active power for the consumption category households shall be applied as follows:
 - a) high daily tariff rates (VT) from 7:00 to 13:00 hrs and 16:00 to 23:00 hrs during the winter time and from 8:00 to 14:00 and 17:00 to 23:00 hrs during the summer daylight saving time scheme,
 - b) low daily tariff rates (MT) from 13:00 to 16:00 hrs and 22:00 to 7:00 hrs during the winter time and from 14:00 to 17:00 and 23:00 to 8:00 hrs during the summer daylight saving time scheme and on Sundays.

Article 6

(Obligation to Publish Tariffs)

The Public Utility „Komunalno Brčko" d.o.o., Brčko, is obligated to publish tariff rates and the relevant provisions of this decision in an appropriate manner and make them available to any customer in the area of the Brčko District of BIH.

Article 7

(Final Provisions)

- (1) This decision shall enter into force on the day of its adoption and it shall be applied as of 1 February 2026.
- (2) The operative part of the Decision shall be published in the Official Gazette of BIH and the official gazette of the Brčko District of BIH.

Statement of Rationale

Pursuant to the Decision establishing the Public Company Komunalno Brčko d.o.o. Brčko (Official Gazette of BD BIH, 20/07, 21/07, 24/08 and 33/09), Komunalno Brčko is obligated to enable electricity distribution and supply system users and customers with electricity in its area of responsibility.

Pursuant to Article 7 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BIH, 7/02, 13/03, 76/09 and 1/11) - hereinafter: Law on Transmission) and Article 10 of the Law on Electricity (Official Gazette of the Brčko District of BIH, 27/21), in order to perform these activities, the Company was obligated to obtain a license granted by the State Electricity Regulatory Commission

(hereinafter: SERC) in accordance with the conditions, criteria and procedures as defined by SERC.

Komunalno Brčko is the holder of the license for performance of the electricity distribution activity in the area of the Brčko District of BIH, registration number: 05-28-12-216-19/20 granted pursuant to the SERC Decision, on 7 October 2020 (Official Gazette of BIH, 67/20) and the licence for the activity of electricity trading and supply in territory of Bosnia and Herzegovina, registration number: 05-28-12-177-19/22 granted pursuant to the SERC Decision, on 28 September 2022 (Official Gazette of BIH, 67/22).

Tariffs for the services of electricity generation, distribution and supply in the area of Brčko District of BIH are regulated and approved by SERC pursuant to the aforementioned laws.

On 27 November 2027, by its communication number 03-02700/25 Komunalno Brčko filed with SERC the application for setting of electricity distribution tariffs and tariffs for supply within the universal service in the Brčko District of BIH.

On 4 December 2026, SERC adopted a Conclusion on initiating the proceedings for setting of tariff rates for electricity distribution services and tariff rates for electricity supply within the universal service in the Brčko District of BIH, number 04-28-5-342-3/25.

The tariff proceedings were conducted pursuant to SERC rules. A public notice in tariff setting proceedings, which includes the information on the manner of acquiring intervener status and a formal public hearing, was published in 5 December 2025 in the daily newspapers and on the SERC website. There were no entities interested in acquiring intervener status in the proceedings. A preliminary hearing was held on 12 December 2025 in the SERC premises, while the formal public hearing was held on 18 December 2025 in Brčko. The Presiding Officer's Report was submitted to the applicant on 29 December 2025 who stated in its communication of 12 January 2026 that the tariff proceedings were duly carried out and that the proposed tariffs reflect the applicant's business operations to the greatest extent.

While considering the tariff application in the tariff proceedings, the basic principles prescribing that tariffs will 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. The regulated company is obligated to provide evidence that the proposed tariff meets the requirements under the BIH laws and SERC rules and regulations.

As the main reason for the request to increase the tariff rates for electricity distribution, an increase in the electricity purchase price for 2026 was stated, which Komunalno Brčko agreed with the provider JP Elektroprivreda Bosne I Hercegovine, d.o.o., Sarajevo, which amounts to 19.0425 fening/kWh, which is an 8.18% increase in comparison to the agreed price for purchase of electricity in 2025, which amounted to 17.60247 fening/kWh. The agreed purchase price of electricity in 2026 includes the costs incurred on the basis of the payment for the tariff for electricity transmission services, tariff for operation of an independent system operator and tariff for system service.

Table 1 provides data for the electricity distribution activity as follows: approved costs for 2023, 2024 and 2025, the planned costs for 2026 and the amount of approved costs for 2026.

Table 1.

	DISTRIBUTION Type of costs	2023 Approved (BAM)	2024 Approved (BAM)	2025 Approved (BAM)	2026 Requested (BAM)	2026 Approved (BAM)
1.	Tangible costs	950,000	950,000	700,000	600,000	600,000
2.	Costs of services	330,000	330,000	440,000	590,000	590,000
3.	Labour costs	5,115,000	5,115,000	6,350,000	7,225,000	7,225,000
4.	Depreciation	875,000	875,000	960,000	960,000	960,000
5.	Non-tangible costs	200,000	200,000	260,000	460,000	360,000
6.	Other expenditures	120,000	120,000	200,000	200,000	200,000
7.	Costs of interest and other financial costs	90,000	90,000	110,000	110,000	110,000
8.	Regulatory fee	80,000	80,000	104,000	118,000	118,000
A	Total costs and expenditures	7,760,000	7,760,000	9,124,000	10,263,000	10,163,000
B	Other revenues (granted assets and commercial services)	250,000	250,000	400,000	0	150,000
	Revenue requirement (A-B)	7,510,000	7,510,000	8,724,000	10,263,000	10,013,000

Komunalno Brčko requested in its application the recognition of the costs of distribution activity of BAM 18,781,74 for 2026, with the adjustment of the valid tariff rates within the approved costs in such a way that the average network fee, including all voltage levels, amounts to 7.11 fening/kWh.

The Commission puts the focus of 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 fact that there were no comments by the applicant during the whole proceedings and makes a decision about the submitted application after a comprehensive analysis. In line with these obligations, the Commission presents the following points of view:

While setting the *tangible costs*, the Commission accepts the argumentation submitted by the regulated entity. Recognising the vital importance of these costs in keeping the continuity and stability of the distribution activity performance, and taking into consideration the fact the request is more restrictive in comparison the previously approved funds, the Commission confirms the justification of the requested amount. Consequently, a total of BAM 600,000 is approved for the tangible costs.

The planned value of *costs of services* amounts to BAM 590,000. In its answer to a question in the formal public hearing, Komunalno Brčko justified its request by a significant increase in prices of services provided by external providers, which are related in the most part to clearing of transmission line paths, the reconstruction of facilities and the maintenance of the working machines necessary of the adequate maintenance of the electricity distribution system in the Brčko District. The Commission accepts the arguments presented in the public hearing and approves costs of services in the requested amount of BAM 590.000, which represents a reasonable and necessary approach which ensures maintaining the quality of services.

JP „Komunalno Brčko“ requested an amount of BAM 7,225,000 for the item *labour costs* for the electricity distribution activity in 2026. In the public hearing it was explained that the 2026 Business Plan includes the filling up of vacancies in the Operational Unit Elektrodistribucija in line with the existing job classification. The focus was put on hiring skilled workforce with profiles in electrical trade, the chronic deficit of which had directly endangered the quality of the performance of electricity distribution activity so far. Furthermore, a 10% increase in salaries to all employees was planned at the company level which would enable harmonisation

with the increase in the cost of living (inflation). Taking into consideration primarily the critical need to hire skilled workforce and prevent the departure of skilled staff, the requested amount of BAM 7,225,000 is approved.

Komunalno Brčko asked for an amount of BAM 960,000 to be approved for the *depreciation cost* for 2026, as the result of calculating depreciation on the assets the Company uses and plans to purchase. The Commission accepts the Presiding Officer's argumentation, acknowledging the need for stable investments in infrastructure and approves the amount of BAM 960,000 for the depreciation cost, which is at the level of funds approved in the previous proceedings. This amount is justified by the planned procurement cycle and the necessity to renew work equipment, which ensures the long-term sustainability and operational readiness of the company to provide its services.

The regulated company requested an amount of BAM 460,000 under the category of *non-tangible costs*. In the public hearing, Komunalno Brčko additionally justified the request with an increase in costs of professional training for work with specific devices, engagement of expert commissions, insurance of employees from accidents at work, and the cost of vehicle insurance and registration with accompanying administrative and court taxes. Taking into consideration the aforesaid, the Commission approves an amount of BAM 460,000 for this cost. It should be noted that this amount does not include the regulatory fee, which is presented in this decision as a separate item although the regulated entity records it in the bookkeeping position as non-tangible costs.

Komunalno Brčko requested an amount of BAM 200,000 for the item *other expenditures*, which corresponds to the amount approved in the previous tariff proceedings. is a considerably higher amount compared to the amount approved in the previous tariff proceedings. While observing the values from the previous period, it can be concluded that these costs are unvarying on an annual basis, with some fluctuations due to periodical value adjustments (write-off of uncollectible receivables) or judicial proceedings with rulings for damages which the public company has to pay. The Commission approves the amount of BAM 200,000 under other expenditures for 2026, which it finds sufficient for the execution of the planned obligations.

With regards to the *cost of interest and other financial costs*, the Commission takes into account the increased need for financing the company from the borrowed funds due to the significant increase in energy procurement costs and approves the cost of interest and other financial costs for the distribution activity at the level of the requested amount of BAM 110,000.

An amount of BAM 118,000 is recognised as a justified cost to the applicant based on the obligation to pay the *regulatory fee* as defined in the Decision on payment of the regulatory fee for 2026 (Official Gazette of BIH, 56/25).

Other revenues: Komunalno Brčko makes significant revenues within its business operations based on the activities which are related to the activity of distribution and supply: network connection, an increase in connection capacity, issuance of approvals, services to citizens etc. As the services of public lighting maintenance and services to citizens in the Brčko District of BIH may be considered the services provided on a commercial basis, the Commission finds it justified to reduce the value of total operational and capital costs of distribution by an amount of BAM 150,000.

Having analysed the submitted documentation and answers provided in the formal public hearing, the Commission fully accepts the Presiding Officer's argument when setting the amounts of individual costs provided in Table 1, and approves an amount of BAM 10,136,000 for the purpose of covering operational and capital costs of the distribution activity in 2026,

that is, after deduction of the commercial revenues, an amount of BAM 10,013,000 which will be realised by the application of tariff rates.

All tariff rates are calculated pursuant to the Methodology for development of tariffs for services of electricity distribution in the Brčko District of Bosnia and Herzegovina (Official Gazette of BiH, 89/11 and 90/14), hereinafter: the Methodology.

With a view to setting distribution network charges, that is, tariff rates for electricity distribution services in the Brčko District of BiH, in addition to the operational and capital costs it is also necessary to set other costs which are an integral part of total costs of the distribution activity (the so-called transferred-in costs which include: *cost of distribution losses, costs of transmission system, costs of operation of an independent system operator, costs on the basis of the tariff for system service*) and the balancing costs.

The cost of distribution losses is set based on the electricity purchase price which does not include transferred-in costs (tariff for transmission services, tariff for ISO operation, tariff for system service and balancing costs) and approved volumes of electricity to cover losses. A price for calculation of costs to cover losses in the distribution network amounts to 17.602 fening/kWh, and it represents the value of the contracted electricity purchase price for 2026 amounting to 19.0504 fening/kWh, reduced by transferred-in costs. Pursuant to Article 12 paragraph (3) of the Methodology, SERC approves a justified rate, that is, a percentage of losses in the distribution network. The losses realised in 2025 amounted to 9.46% of total electricity purchased while in 2024 they amounted to 10.00%. With a view to cutting distribution losses and gradually reducing them to the level of BiH average, and taking into consideration operational measures for the reduction thereof continuously implemented by Komunalno Brčko, losses of 9.00% are approved, which amounts to 26,190,000 kWh in relation to 291 GWh of totally withdrawn energy. Taking into account of the price of energy amounting to 17.602 fening/kWh, the cost of energy for losses in the distribution system amounts to BAM 4,609,964.

Pursuant to the SERC Decision number 04-28-5-333-46/16 of 3 April 2017 (Official Gazette of BiH, 28/17), *costs of transmission system* for distribution system users are set on the basis of the unit prices of 0.578 fening/kWh and 1.472 BAM/kW for electricity and capacity respectively withdrawn from the transmission system, that is, on the basis of the Agreement on electricity procurement, under which the transmission tariff for capacity was adjusted to an amount of 0.2744 fening/kWh of electricity withdrawn, and taking into consideration that it is planned to take over 291,000,000 kWh of electricity in 2026, they amount to BAM 2,480,484.

Pursuant to the SERC Decision number 04-28-5-306-31/25 of 23 December 2025 (Official Gazette of BiH, 79/25), based on the tariff for operation of an independent system operator amounting to 0.1171 fening/kWh which is paid for electricity withdrawn from the transmission system (L component) and the planned withdrawal of 291.000.000 kWh of energy, *costs of operation of an independent system operator* amount to BAM 340,761.

Pursuant to the Decision on tariffs for system and ancillary services (Official Gazette of BiH, 2/23), *costs on the basis of the tariff for system service* are calculated in accordance with a single tariff of 0.4789 fening/kWh and they amount to BAM 1,393,599.

The balancing costs have no impact on the distribution tariff, given that according to the provisions of the Agreement on electricity procurement for 2026, payment of these costs is not foreseen.

The total revenue requirement for the calculation of the tariff for electricity distribution service in the Brčko District of BiH amounts to BAM 18,837,808 and comprises operational and capital costs of the distribution activity amounting to BAM 10,013,000, costs of electricity losses in

the distribution system amounting to BAM 4,609,964 and transferred-in costs (electricity transmission services, services of an independent system operator and system service) amounting to BAM 4,214,844.

Pursuant to Articles 26 and 28 of the Methodology, total costs of the Brčko District of BIH distribution system are allocated to the consumption categories of distribution system users by tariff elements and rates. Taking into consideration the approved costs of electricity distribution and the existing energy values in the area managed by Komunalno Brčko as the distribution system operator, an average electricity distribution tariff amounts to 7.11 fening/kWh, which is at the level of the average distribution tariff approved in the previous tariff proceedings.

The allocation of distribution system costs to the tariff elements was done in accordance with the following ratio: 37.0% to capacity, 62.4% to active power and 0.6% to excessive withdrawal of reactive power.

The tariff rates for electricity distribution in the Brčko District of BIH do not fully reflect all activities of the company in the distribution activity due to the impossibility to register ownership of the fixed assets which are used by the company to perform its activities of which the relevant institutions of the Brčko District of Bosnia and Herzegovina decide.

It is the opinion of the Commission that the proposed tariff rates provide the realistic basis for the Company to realise the revenue requirement in the electricity distribution activity which would enable its unhindered functioning.

In accordance with the aforementioned views of the Commission, within its discretionary rights to confirm the representativeness and validity of all submitted data and statements, to estimate the level of likelihood to realise all projected costs and expenditures and to approve tariffs taking into account also the concrete circumstances at the time of filing a tariff application all the way to the concretisation of conditions for a more precise tariff setting, using its competences defined by the Law on Transmission to also regulate electricity distribution issues for customers in the area of the Brčko District of BIH, the Commission decided as provided in the operational part.

SERC will continuously monitor the effects of applying the adopted tariffs while keeping the right to adjust tariff rates if deemed necessary.

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: 04-28-5-342-17/25
21 January 2026
Tuzla

Chairman of the Commission
Suad Zeljković