

New Energy Law in Republic of Srpska (RS) could be adopted soon. This new law could also mean higher electricity prices.

New Electricity Law should be adopted soon, with the aim of harmonization with the relevant directives of the European Union and additional liberalization of the electricity market. However, it could also lead to higher electricity prices for end-consumers.

With the adoption of a new law, new entities are expected to enter the market, which will reflect on public revenues, the position of subsidiaries operating within the state-owned power utility ERS, but will also increase competitiveness and service standards in the local electricity market.

According to the current situation, operating on fully market principles could lead to an increase in electricity prices in the RS, given the lower levels of electricity prices in the RS compared to wholesale market prices and electricity prices in the region. As specified, the increase in electricity prices would have a negative impact on the competitiveness of the economy, given the extent to which electricity participates in operating costs - from 1 to 3 % of total operating costs in most industries.

The current Electricity Law in the RS is not in line with the requirements of the electricity directives of the so-called Third Energy Package. Although initial steps have already been taken, the dynamics of gradual market opening have so far been slow and limited, and it has been shown that it is very difficult to find an adequate way to reorganize the state-owned power utility.

The new Law respects the obligations from the EU directives related to the level of competence of the RS, however, the full application of the provisions of the directives requires a significant change in the regulations at the level of Bosnia and Herzegovina.