

The electricity market in Bosnia and Herzegovina is not sufficiently developed. Its fragmentation along the entity borders follows the constitutional design of Bosnia and Herzegovina. The co-existence of several sets of legal frameworks and utilities could – unlike in other Contracting Parties – stimulate intra-domestic competition and market opening. Trading patterns generally encompass bilateral OTC agreements – no spot-trading mechanisms have been established.

However, despite the absence of legal or regulatory barriers for supplier switching, to date only one customer in Bosnia and Herzegovina is supplied by a supplier outside his own territory. With the production also monopolized by the utilities or their subsidiaries, and the cost of generation regulated at relatively low levels in all jurisdictions, the entry of any new supplier is hardly conceivable.

On the wholesale market, the only players are the three incumbent enterprises (all except *KB*) and 22 licensed traders – supplying one another with energy for covering their local demands, providing ancillary services, and providing energy for balancing the system and for export. Trading patterns generally encompass bilateral OTC agreements – no spot-trading mechanisms have been established. Energy for balancing is provided by the incumbent generators under prices regulated by SERC, only exceptionally is it provided through imports performed by *NOS BiH* (under the market clearing price). The only balance responsible parties in Bosnia and Herzegovina are the distribution companies or utilities, each responsible for the imbalances of its own customers. The ancillary services are regulated and respective costs are included in the costs of service. The energy for covering network losses is not purchased on the market but preferably provided by the local incumbent. The active traders eventually licensed for supply, with their limited service portfolios do not comply with the needs of all categories of eligible customers. No customer except one (*Aluminij – Mostar*) has switched away from its local incumbent utility.

Note: Article is the extract from Bosnia electricity market report 2014

Source; Serbia Energy See Desk