

## Bosnia: Electricity market restructuring

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The legal framework necessary for the organization of the electricity market in line with the Third Energy Package is still not in place. An infringement case is pending before the Ministerial Council of the Energy Community. The draft Law on Regulator, Transmission and Power Market has not yet been submitted for approval. A Law on the Establishment of the Transmission System Operator is being drafted. VAT legislation has not been harmonized with the practice of the neighbouring jurisdictions.

Adhere to a power exchange or, if economically justified create an own power exchange

No concrete progress has been made with reference to this issue since the Paris Summit.

Ensure liquidity of the domestic electricity markets by appropriate regulatory measures

Participation of three local energy utilities in a national or regional energy market would ensure liquidity in a much easier way than in the prevailing markets with monopolistic structures.

Coupling of organised day-ahead electricity market with at least one neighbouring country

No concrete plans for market coupling have been adopted so far.

Cross-border Balancing

Legal possibility for transmission system operators to acquire balancing services from all operators in the national and in perspective of a regional market under competitive conditions

The effective primary legislation is not preventing the transmission system operator from acquiring balancing services in a market-based manner and across borders.

Adoption of a market-based balancing model allowing for the non-discriminatory cross-border exchange of balancing services

Market-based and non-discriminatory balancing model is defined by the Market Rules adopted in May 2015 by the transmission system operator. A model of cross-border exchange of balancing services with the transmission system operators of Croatia and Slovenia is defined in the trilateral contract signed between them, but it is still not applied in practice.

Establishment of a functioning national balancing market

The transmission system operator is implementing new balancing model as of 1 January 2016.

### Regional Capacity Allocation

Introduction of a coordinated capacity calculation process for the allocation of day-ahead capacities based on a regionally coordinated congestion forecast

The transmission system operators of Bosnia and Herzegovina, together with those of Montenegro and Serbia, established a Security Coordination Centre (SCC) in August 2015 with the view to perform capacity calculation function. A SCC pilot project for daily capacity calculation is ongoing.

The Western Balkan countries to support signing of agreements between SEE CAO and relevant EU Member States

Stronger cooperation between SEE CAO and the relevant EU Member States is needed.

### Cross-cutting Measures

Eliminate price regulation of generation and for other than small enterprises and household customers, and adopt national action plans for phasing out price regulation in general

In Republika Srpska, end-user price regulation has been reformed before the Paris Summit and is limited to small customers and households. In Federation of Bosnia and Herzegovina, all prices were deregulated on 1 January 2015, except for households and small customers.

Legal and functional unbundling of distribution system operators and supply companies

The deadline for legal and functional unbundling of distribution system operator was missed. Distribution is still legally and functionally bundled with supply. Preparatory activities for the unbundling of distribution, undertaken before the Paris Summit in both Republika Srpska and Federation of Bosnia and Herzegovina, have not resulted in meeting the unbundling requirements.

Ensure independence of national energy regulatory authorities based on pre-defined indicators

Existing legislation fails to comply with numerous independence and competence requirements of the Third and even the Second Package, among which the lack of a single nation-wide regulator is the most crucial.

Apply for observer status in ACER based on a positive opinion of the European Commission

As a prerequisite for observer status in ACER, the Third Package, regulatory independence and all secondary legislation need to be adopted.

## Unbundle and certify transmission system operator in line with the Third Energy Package

The current legal framework does not provide conditions for unbundling of the transmission system operator in line with the Third Energy Package. The model for ownership unbundling is expected to be transposed by the draft Law on Regulator, Transmission and Power Market.

## Increase effectiveness of national administrative authorities, including for competition and State aid

Competition in energy sector is not satisfactory and is subject to an infringement procedure by the Energy Community Secretariat. The independence of the State Aid Council is questionable.

## Timely implementation of the Trans-European Network Regulation

The TEN-E Regulation was incorporated in the Energy Community in October 2015. Preparatory activities for the implementation in Bosnia and Herzegovina have started after the Paris Summit.