
Bosnia: Low electricity prices block market liberalization

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Although the liberalization of the electricity market is in force for almost two years, not much has changed for end consumers in Bosnia and Herzegovina (BiH). Consumers remain faithful to state-owned power utilities because, except on paper, they have no other choice.

Experts explain the fidelity of household consumers to state-owned power utilities with the fact that other registered electricity suppliers in BiH are focused on large, mainly industrial consumers. Another reason is that when it comes to price, these suppliers can not compete with state-owned power utilities. Semin Petrovic from Sarajevo Research and Development Center for Gas Technology said that the change of supplier among household consumers is practically non-existent because their prices are among the lowest in Europe.

In 2016, in the Republic of Srpska (RS) only one change of supplier was registered. Coalmine and thermal power plant Stanari now buy 1 GWh of electricity per month from EFT instead from power utility ERS. Spokesperson of the Regulatory Commission for Energy (RERS) Jelena Prtilo said that customers in RS have not shown any interest in changing their electricity supplier and all are still supplied by ERS. The reason is that ERS still offers the most favorable conditions on the market.

While households have no interest in changing suppliers, business consumers are trying to minimize their electricity supply costs. The representatives of aluminium factory Aluminij, which is the largest consumer in BiH and consumes about the sixth of the country's electricity production, said that the liberalization has not brought the expected benefits. Although there is cheaper electricity in the market, open market is not suitable for the company at the moment. The company did not get any benefits as a qualified consumer and it is forced to cover its electricity needs through just one supplier, which practically means that the company can only be supplied by one of state-owned power utilities.

Currently there are 24 registered suppliers of electricity in Bosnia and Herzegovina, among which there are four public companies. Among 19 commercial suppliers only four are active.