

REGULATORY COMMISSION FOR ENERGY OF THE REPUBLIC OF SRPSKA

RULE BOOK

ON SUPPLY OF LAST RESORT WITH NATURAL GAS

Trebinje, April 2019

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Pursuant to the provisions of Article 22 paragraph 1 point 1 sub-point 4 and point 5 and Article 23 paragraph 1 point 9 sub-point 3 of the Law on Gas (Official Gazette of the Republic of Srpska, number 22/18), Article 10 paragraph point 7 and Article 18 paragraph 1 of the Statute of the Regulatory Commission for Energy of the Republic of Srpska - Refined text (Official Gazette of the Republic of Srpska, number 6/10) and Article 33 paragraph 1 point a) of the Rules of Procedure of the Regulatory Commission for Energy of the Republic of Srpska (Official Gazette of the Republic of Srpska, at the 111th regular session held on 22 April 2019 in Trebinje, made

THE RULE BOOK ON THE SUPPLY OF THE LAST RESORT WITH NATURAL GAS

PART ONE – GENERAL PROVISIONS

Article 1 (Subject)

This Rulebook prescribes the rules of operation of suppliers of the last resort natural gas, the methodology for determining tariffs for the supply of natural gas of the last resort, and the procedure for determining them and obtaining the consent of the Regulatory Commission for Energy of the Republic of Srpska (hereinafter: Regulatory Commission).

Article 2 (Aim)

The aim of adopting this rulebook is to create assumptions for the efficient functioning of the natural gas market, and to ensure the protection of end customers in the event of the loss of a supplier on the market.

Article 3 (Terms and Abbreviations)

(1) Terms, expressions and abbreviations which are used in this Rule book have the following meaning:

“End user” is a customer who buys natural gas for his own needs,

“Customer from the household category” is an end user or user of gas who procures natural gas for their own household, excluding the performance of commercial or professional activities,

“General conditions for natural gas supply” (hereinafter: General conditions) is a piece of secondary legislation that regulates the conditions and method of delivery of natural gas, which, with the approval of the Regulatory Commission, is adopted by each supplier of natural gas,

“System operator” means the operator of the transportation system or the operator of the natural gas distribution system,

“An existing supplier” is a supplier that supplies the end user at the time of submitting an application for switching,

“The operational rules” are the operating rules of the natural gas distribution system and/or the operating rules of the natural gas transportation system in the Republic of Srpska,

“A supplier” is a legal entity or an entrepreneur who performs the activity of supply,
“The supplier of the last resort” is a legal entity or an entrepreneur who performs the activity of supplying the end user with natural gas, if his previous supplier has ceased his activity and if the supply of gas to the customer has ceased without protection,
“The market price of natural gas” represents the price of natural gas on the market where buyers and suppliers of natural gas from the Republic of Srpska have the opportunity to trade natural gas,
“The Law” is the Gas Law.

- (2) In addition to the terms specified in paragraph (1) of this article, in this rulebook, terms included in the Law and by-laws of the Regulatory Commission are used.

PART TWO – OPERATIONAL RULES OF THE SUPPLY OF LAST RESORT

Article 4 (Supply of end users)

- (1) Every end user of natural gas in the Republic of Srpska is free to purchase natural gas and conclude a supply contract with the supplier of end users at their own choice.
- (2) Supplying end users with natural gas is performed by a supplier on the market, a public supplier or a supplier of last resort.

Article 5 (Supply of end users)

- (1) The end user who is supplied on the open market, except for the customer from the household category who has the right to public supply, has the right to be supplied with natural gas of the last resort by the supplier of the last resort for a period of two months automatically, if his previous (existing) supplier has stopped with his obligation and if the customer is left with a supply without any protection, regardless of whether it is a planned or unplanned termination of his obligation or if the previous (existing) supplier committed a serious offense in fulfilling his obligations.
- (2) The Government makes a decision on setting up a supplier of last resort, and suppliers and system operators are obliged to publish this decision on their website and provide relevant information on the supply of last resort to customers in their area upon their application.

Article 6 (Switching from market to supply of last resort)

- (1) The supplier of the last resort supplies the end customer who is entitled to that type of supply in accordance with Article 5 of this Rulebook automatically, that is, without submitting a special request, when the existing supplier stops supplying.
- (2) An existing supplier who is unable to supply the end customer is obliged to inform the supplier of the last resort of the end customer, the Regulatory Commission, the operator of the transport system and the competent operator of the distribution system about the date of termination of supply within a reasonable time, at least five days before the termination of supply, whereby the customer is automatically supplied by the supplier of last resort.
- (3) During the process of temporary or permanent revocation of the natural gas supplier's license, the Regulatory Commission takes care of timely notification of the supplier of last resort, the end

customer, the operator of the transport system and the competent operator of the distribution system in order to ensure continuity of supply to the end user.

- (4) The operator of the transport system and the operator of the distribution system inform the supplier of the last resort about the customers who have been added to it, without delay, and no later than within five days from the day when the information from paragraph (2) and (3) of this article was delivered to the operators.
- (5) The system operator is obliged to, in accordance with the notification from paragraph (2) and (3) of this article, without delay, perform a reading of the measuring point and submit data on the state of the calculation quantities to the supplier of the last resort.
- (6) In the event that the end user who is supplied with the supplier of the last resort does not conclude a contract with the new supplier within two months, the competent system operator is obliged to stop the supply of natural gas to that customer.

Article 7

(Obligation of the supplier of last resort)

- (1) The contract on the supply of natural gas to the end user in the case of the last resort begins on the day when the gas supply began and the gas was delivered to the end user, whether the end user made an application or not.
- (2) The supplier of the last resort delivers the final, written contract on the supply of natural gas to the user within eight days from the start of the supply in the case of the last resort, which the end user is obliged to sign and return to the supplier of the last resort within eight days from the date of receipt of the contract.
- (3) The supplier of the last resort prepares and publishes an annual report containing data on the number of supplied end customers, the total amount of natural gas delivered and the average duration of supply in the case of the last resort, which it submits to the Regulatory Commission.

Article 8

(Rights of supplier of last resort)

The supplier of last resort may terminate the supply of the end user due to his unfulfilled contractual obligations, in accordance with the General Conditions, and is obliged to inform the competent system operator about this.

PART THREE – METHODOLOGY FOR DETERMINATION OF THE TARIFF FOR SUPPLY OF LAST RESORT

Article 9

(Reporting and financial records)

- (1) The supplier of last resort is obliged to keep separate financial accounts and prepare financial statements related to the supply in case of last resort.
- (2) The supplier of the last resort is obliged, when reporting to the Regulatory Commission, to comply with the Single Regulatory Chart of Accounts and the Rules on Reporting.

Article 10
(Determination of tariff rates for supply of last resort)

- (1) Tariff rates for the supply of the last resort are determined in such a way as to cover the following costs:
 - a) The price of natural gas and the service of the supplier of the last resort (tariff for the supply of the last resort),
 - b) Costs of access to the transport and/or distribution system i
 - c) Balancing costs if they are reported separately
- (2) Tariffs for the supply of the last resort are determined on the basis of the market purchase price of natural gas determined in accordance with this rulebook.
- (3) The corresponding part of the costs of access to the transport and/or distribution system is determined based on the tariff rates for the use of the transport system and the tariff rates for the use of the distribution system to which the end user's facilities are connected.

Article 11
(Tariff for supply of last resort)

- (1) The tariff for the supply of the last resort is determined twice a year in such a way that it is known and published no later than 15 days before the start of its validity.
- (2) The tariff for the supply of the last resort is determined based on the market price of natural gas for similar customers and may be higher than it by up to 20%.
- (3) The market price of natural gas from paragraph (2) of this article is determined based on the price at which the supplier of last resort procures natural gas on the market and the price of natural gas for end users in the Republic of Srpska who are supplied on the market.
- (4) When determining the justification of the amount of tariffs for the supply of the last resort, the Regulatory Commission can take into account other available prices of natural gas in the Republic of Srpska (the price of natural gas for public supply, the prices of natural gas of other suppliers on the market of the Republic of Srpska and the price of natural gas on the stock exchanges and in the region).
- (5) The percentage increase in the tariff for the supply of the last resort in relation to the market price of natural gas may differ depending on the customer category.

PART FOUR – PROCEDURE FOR DETERMINING AND OBTAINING THE CONSENT

Article 12
(Submission of application for giving consent)

- (1) The supplier of the last resort makes a decision on determining the tariffs for the supply of the last resort in accordance with the methodology for determining the tariff of the last resort prescribed by this rulebook, with a detailed explanation of the factual and evidentiary basis on which the decision is based.
- (2) The supplier of the last resort is obliged to submit the decision of the administrative body on determining the tariffs for the supply of the last resort in order to obtain the consent of the Regulatory Commission, for the first half of the following year no later than October 31 of the current year, and for the second half of the current year no later than April 30 of the current year.

- (3) The supplier of the last resort is obliged to submit, together with the decision from paragraph (1) of this article, proof of the method of determining the tariff of the last resort, that is, to document the method of determining the price of natural gas for the supply of the last resort by categories of customers.
- (4) The supplier of the last resort is obliged to submit other appropriate forms and documentation in accordance with the Rulebook on reporting.
- (5) The documentation referred to in paragraphs (1) and (3) of this article shall be submitted in writing in one copy, certified and signed by a person authorized to represent the applicant, as well as by e-mail and/or on electronically, in a suitable format (*.doc, *.xls, *.pdf).
- (6) The statement on the accuracy and credibility of the submitted data is signed under full material and criminal liability by the person authorized to represent the supplier of the last resort.

Article 13

(Review of regularity of the application and elimination of deficiencies)

- (1) The Regulatory Commission reviews the regularity and documentation of the submitted application for approval of tariffs for the supply of natural gas of the last resort.
- (2) If, after the review referred to in paragraph (1) of this article, it is determined that the application contains a deficiency that prevents further action on the request, the Regulatory Commission, within 10 days from the date of receipt of the request, in writing, notifies the applicant of the deficiency and determines a period of no longer than seven days from the date of receipt of the notification, in which the applicant is obliged to remedy the deficiencies and warns him that the application will be rejected.
- (3) If the supplier of the last resort does not submit a documented application, the Regulatory Commission will reject the application for approval of the tariffs for the supply of the last resort.
- (4) In the case referred to in paragraphs (2) and (3) of this article, the tariffs for the supply of the last resort that are in force at that moment continue to be applied, and the Regulatory Commission can, in the case when it is necessary to reduce the tariffs for the supply of the last resort, make a decision on determination of temporary tariffs.

Article 14

(Deciding on the submitted application)

- (1) The Regulatory Commission approves the tariffs for the supply of the last resort with natural gas at the request of the supplier in a shortened tariff procedure based on the documentation submitted in accordance with Article 12 of this rulebook.
- (2) At its regular session, the Regulatory Commission makes a decision on granting consent to the tariffs for the supply of the last resort with natural gas and delivers it to the supplier of the last resort.

Article 15

(Publication and application of the tariff)

- (1) The supplier of the last resort publishes the act on established tariffs on its website and notice board after obtaining the approval of the Regulatory Commission no later than 15 days before the beginning of the period to which their application applies.

- (2) Decisions on approval of tariffs for the supply of the last resort made by the Regulatory Commission are published on the website of the Regulatory Commission no later than 17 days before the beginning of the period to which they apply.
- (3) The supplier of the last resort is obliged to deliver the decision from paragraph (2) of this article to the system operators and suppliers on the market within three days from the date of receipt of the same from the Regulatory Commission.
- (4) System operators and market suppliers are obliged to publish the decision from paragraph (2) of this article on their website.

PART FIVE – TRANSITIONAL AND FINAL PROVISIONS

Article 16 (Interpretation of the Rule book)

- (1) Interpretation of the provisions of this Rule book is given by the Regulatory Commission.
- (2) Amendments to this Rulebook are made according to the same procedure that is applied for its adoption.

Article 17 (Effective Date)

This Rule book shall enter into force on the eighth day from the date of its publication in the Official Gazette of the Republic of Srpska.

Number: 01-193-61/19/R-111/110
22nd April 2019
Trebinje

President
Vladislav Vladicic