

**РЕГУЛАТОРНА КОМИСИЈА  
ЗА ЕНЕРГЕТИКУ  
РЕПУБЛИКЕ СРПСКЕ  
ТРЕБИЊЕ**



**REGULATORY COMMISSION FOR  
ENERGY  
OF THE REPUBLIC OF SRPSKA  
TREBINJE**

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**RULE BOOK  
ON THE METHODOLOGY FOR DETERMINING THE PRICES OF PUBLIC SUPPLY AND SUPPLY OF LAST  
RESORT WITH ELECTRICITY**

Trebinje, July 2021

**TABLE OF CONTENTS:**

**ON METHODOLOGY FOR DETERMINATION OF PRICE OF THE PUBLIC SUPPLY AND SUPPLY OF LAST RESORT WITH ELECTRICITY** ..... Error! Bookmark not defined.

**PART ONE – GENERAL PROVISIONS**..... Error! Bookmark not defined.

Article 1 (Subject)..... **Error! Bookmark not defined.**

Article 2 (Aim) ..... **Error! Bookmark not defined.**

Article 3 (Terms)..... **Error! Bookmark not defined.**

**PART TWO – PROCUREMENT AND PRICE OF ENERGY FOR PUBLIC SUPPLY**Error! Bookmark not defined.

Article 4 (Price of energy for public supply) ..... **Error! Bookmark not defined.**

Article 5 (Procurement of the electric energy for public supply)**Error! Bookmark not defined.**

Article 6 (Procurement of electric energy for public supply in transitional period) . **Error! Bookmark not defined.**

Article 7 (Regulated price of procurement of electric energy)**Error! Bookmark not defined.**

Article 8 (Price of the supplying service) ..... **Error! Bookmark not defined.**

**PART THREE – TRANSITIONAL PERIOD FOR ELIMINATION OF CROSS SUBSIDIES**Error! Bookmark not defined.

Article 10 (Prohibition of cross subsidies) ..... **Error! Bookmark not defined.**

Article 11 (Transitional period for elimination of cross subsidies)....**Error! Bookmark not defined.**

**PART FOUR – APPROVAL PROCEDURE OF THE PUBLIC SUPPLY PRICE**Error! Bookmark not defined.

Article 12 (Submission of application for approval of the public supply price)**Error! Bookmark not defined.**

Article 13 (Re-examination of the required price of public supply) ..**Error! Bookmark not defined.**

Article 14 (Publication of the public supply price)..... **Error! Bookmark not defined.**

**PART FIVE – DETERMINATION OF THE PRICE OF SUPPLY OF LAST RESORT**Error! Bookmark not defined.

Article 15 (Supply of last resort) ..... **Error! Bookmark not defined.**

Article 16 (Energy price at the supplier of last resort) ..... **Error! Bookmark not defined.**

Article 17 (Tariff rates for the supply of last resort)..... **Error! Bookmark not defined.**

**PART SIX – TRANSITIONAL AND FINAL PROVISIONS** ..... Error! Bookmark not defined.

Article 18 (Application of other regulations)..... **Error! Bookmark not defined.**

Article 19 (Interpretation of the Rule book)..... **Error! Bookmark not defined.**  
Article 20 (Effective Date)..... **Error! Bookmark not defined.**

Based on Articles 28 and 87 of the Law on Electricity (Official Gazette of the Republic of Srpska, No. 68/20) and Article 33, Paragraph 1, point a) of the Procedural Rules of the Regulatory Commission for Energy of the Republic of Srpska (Official Gazette of the Republic of Srpska, No. 59 /10), the Regulatory Commission for Energy of the Republic of Srpska, at the 9<sup>th</sup> regular session, held on July 22, 2021, passed

**RULE BOOK**  
**ON THE METHODOLOGY FOR DETERMINATION OF THE PRICES OF PUBLIC SUPPLY AND**  
**SUPPLY OF LAST RESORT WITH ELECTRICITY**

**PART ONE - GENERAL PROVISIONS**

**Article 1**  
**(Subject)**

The rulebook on the methodology for determining the prices of public supply and supply of last resort with electricity (hereinafter: Methodology for public supply and supply of last resort) regulates:

- a) the method of determining the price of the public supply service;
- b) method of procurement of electricity needed for public supply and method of determining the price of electricity for public supply;
- c) the method of determining tariff rates for public supply;
- g) the procedure for approving prices and tariff rates for public supply;
- d) method of determining the price of electricity for supply of last resort and
- e) the method of determining tariff rates for supply of last resort.

## **Article 2 (The goal)**

The objectives of the Methodology for public supply and supply of last resort are:

- a) ensuring the protection of end users, that is, ensuring regular and safe supply of end customers who are entitled to public supply or supply of last resort;
- b) procurement of electricity for public supply in an efficient, economical and market-oriented manner;
- c) determination of prices and tariff positions for public and reserve supply in a public and transparent manner;
- d) encouraging efficiency and cost-effectiveness in the use of electricity and
- d) gradual abolition of cross-subsidies between consumption categories and tariff groups.

## **Article 3 (Terms)**

1) Terms used in this regulation have the following meaning:

"**end user**" means a customer who purchases electricity for his own use;

"**customer from the category of household consumption**" means a customer who buys electricity for his own use, but does not include commercial activities.

"**small customer**" means a small industrial or commercial customer of electricity whose facilities are connected to the electricity distribution system with a voltage lower than 1 kV and who meets the following criteria:

1. He fulfills at least two of the following three conditions:

- to have less than 50 employees,
- that his total annual income does not exceed 2,000,000 BAM,
- that the value of his business property does not exceed 1,000,000 BAM, or

2. He has an annual consumption in the previous year that does not exceed 35,000 kWh;

"**system operator**" means the distribution system operator, that is, the operator of the transmission system or, in the sense of the provisions of this regulation, the transmission company;

"**supply**" means the sale of electricity to end customers, including resale;

"**supplier**" is an electric power entity that performs the activity of supplying electricity on the market;

"**full supply**" means the sale of electricity where the amount of electricity for the billing period is not determined by the sales contract, but the amount of electricity is determined based on the actual consumption at the point of handover;

"**public supply**" means the supply carried out by the supplier, who, by a special decision of the Government of the Republic of Srpska, has been chosen to provide a universal service as a public supply service according to regulated conditions to customers from the category of households and small customers who are entitled to public supply and who freely or automatically they use such a way of supply, at easily comparable, non-discriminatory and transparent prices;

"**public supplier**" means a supplier that provides a public supply service;

"**supply of last resort**" means the supply performed by the supplier, who, by a special decision of the Republic of Srpska Government, was chosen to perform universal service as a public service of supply of last resort to end customers, with the exception of households and small customers;

"**supplier of last resort**" means a supplier that provides a supply of last resort service;

"**security of supply**" is the provision of sufficient amounts of electricity to end customers, as well as the ability of the power company

"**tariff**" means a fee or several fees for the use of electricity networks or for services related to electricity;

"**reference market price**" means the average market price that is determined on a quarterly basis by the Regulatory Commission for Energy of the Republic of Srpska, and is calculated on the basis of data on the realized price of energy on the stock exchanges, in the country or region, the data of which are relevant for Bosnia and Herzegovina;

"**universal service**" means the public electricity supply service according to the regulated conditions of those customers who are entitled to public supply and who freely choose or automatically use such a method of supplying electricity of a certain quality at easily comparable, non-discriminatory and transparent prices and

"**Law**" means the Electricity Act.

(2) In addition to the terms specified in paragraph (1) of this article, this rulebook uses terms covered by the Law and pieces of secondary legislation of the Regulatory Commission.

## **PART TWO - PROCUREMENT AND PRICE OF ENERGY FOR PUBLIC SUPPLY**

### **Article 4.**

#### **(Energy prices for public supply)**

(1) The price of electricity for public supply includes:

a) the cost of purchasing electricity and

b) the price of the public supply service.

(2) The price of electricity for customers, who are entitled to be supplied in the public service obligation system with a public supplier, is the same throughout the territory of the Republic of Srpska for all customers who belong to the same consumption category or tariff group.

#### **Article 5 (Tariff rates for public supply)**

(1) Tariff rates for public supply include:

a) the price of electricity for public supply referred to Article 4 of this Rulebook and

b) the regulated price of using the network (the price of the transmission network use or the price of the distribution system use).

(2) In the price of electricity for public supply, the supplier may include the price for system/auxiliary services and/or balancing, in case these services are procured on the market, i.e. that they are not included in the regulated price of using the network.

#### **Article 6. (Procurement of electricity for public supply)**

(1) The public supplier is obliged, in accordance with the Law, to procure electricity for public supply in a competitive procedure (auction, public advertisement, organized market, etc.), which is carried out no later than October 31 of the current year for the following year.

(2) The public supplier is obliged to procure all the necessary energy and power for end users who are entitled to and who have chosen to be supplied within the scope of the universal service.

(3) When carrying out procurement referred to in paragraph (1) of this article, the public supplier is obliged to take into account and plan the takeover of the corresponding part of the electricity produced using renewable energy sources in the mandatory purchase system in accordance with the regulations governing the field of renewable energy sources.

(4) The procedure for purchasing electricity referred to in paragraph (1) can be carried out by the public supplier in several stages, with the provision that the procedure for procuring at least 50% of the energy needs of customers supplied by the public supplier must be completed no later than October 31 of the year precedes the year in which the public supply service is provided.

(5) If the public supplier procures electricity in the manner prescribed in paragraph (4) of this article, for the amount of electricity that has not been procured, it shall estimate the cost

in the price proposal, with the fact that it cannot be higher than the weighted price of the electricity purchased in the first phase

#### **Article 7**

##### **(Procurement of electricity for public supply in the transitional period)**

- (1) In the transitional period from 2022 to 2024, the public supplier is obliged to procure the necessary amount of electricity for public supply partly from electricity producers who, by the Government of the Republic of Srpska, have been designated to supply electricity for the purposes of providing the service of public supply at the regulated price, proportionally, and for the most part in the manner prescribed by Article 6 of this rulebook
- (2) The share of electricity purchased at the regulated price is, in the transitional period, gradually reduced and is as follows:
  - 1) in 2022, procurement of up to 75% at the regulated price,
  - 2) in 2023, procurement of up to 50% at the regulated price,
  - 3) in 2024, procurement up to 25% at the regulated price.
- (3) The corresponding share of electricity produced using renewable energy sources in the mandatory purchase system, which the public supplier is obliged to take over in accordance with the regulations, can be counted as energy purchased at a regulated price only if that energy is purchased at a regulated price in accordance with the regulations which regulate the area of renewable energy sources

#### **Article 8**

##### **(Regulated electricity purchase price)**

- (1) During the transition period from January 1, 2022 to December 31, 2024, the regulated electricity purchase price is determined as the average weighted price at the threshold of power plants of producers which the Republic of Srpska Government has determined the obligation to supply electricity for the needs of public supply to.
- (2) The average weighted price of electricity from referred to in paragraph (1) of this article is determined on the basis of the average price of electricity production at the the power plant threshold determined on the basis of the approved revenue requirement of the producer determined in accordance with the Rulebook on Tariff Methodology and Tariff Procedure for Electricity (Official gazette of Republic of Srpska, number 96/12 and 15/15) and their planned annual production on the basis of which the price was determined.

#### **Article 9**

### **(Price of public supply service)**

- (1) The price of the public supply service includes the costs of planning and purchasing electricity, storing and processing data on metering points and customers, administering contracts, accounting, billing, organizing a service center for customers, profit and similar.
- (2) The price of the public supply service is determined so that the planned income from public supply amounts to:
  - 1) in 2022, a maximum of 12% of the cost of electricity procurement,
  - 2) in 2023, a maximum of 11% of the cost of electricity procurement,
  - 3) in 2024 and beyond, a maximum of 10% of the cost of electricity procurement;
- (3) The price of the public supply service can be expressed through the tariff element active electricity (KM/kWh) or in a fixed amount of fees per metering point (KM/MM/month).
- (4) The public supplier is not allowed, in addition to the approved price of the public supply service, to charge a fee for issuing and delivering invoices, and providing billing information to end customers in the service center or by phone.

### **PART THREE – TRANSITIONAL PERIOD FOR THE ABOLITION OF CROSS-SUBSIDIES**

#### **Article 10**

#### **(Prohibition of cross-subsidies)**

The price of electricity for public supply must not contain cross subsidies between consumption categories and tariff groups.

#### **Article 11**

#### **(Transitional period for the abolition of cross-subsidies)**

- (1) Existing cross-subsidies between customers from the consumption categories "other consumption at low voltage" and "households" will be abolished, gradually, by January 1, 2025 at the latest.
- (2) The public supplier is obliged to take into account the obligation of gradual abolition of cross-subsidies, and when submitting the request for approval of tariff rates for public supply, in each year of the transition period, to plan the reduction of subsidies as follows:
  - 1) in 2022 up to a maximum of one third,
  - 2) in 2023, one third or more depending on the amount of remaining subsidies,
  - 3) in 2024, one third or more, depending on the amount of remaining subsidies.



## PART FOUR – PUBLIC SUPPLY PRICE APPROVAL PROCEDURE

### **Article 12**

#### **(Submission of a request for approval of the price of public supply)**

- (1) The public supplier is obliged to submit to the Regulatory Commission a request for approval of the price of public supply and tariff rates for public supply no later than November 15 of the current year for the following year.
- (2) With the request, the public supplier is obliged to submit data and evidence necessary for determining the price of public supply, which refer to:
  - a) the planned number of customers and the consumption plan of customers who are supplied by the public supplier,
  - b) documenting the procedure of procurement of electricity for public supply,
  - c) the required price of electricity procurement and the required price of the supply service, which make up the required price of electricity for public supply calculated in accordance with the provisions of this rulebook and
  - d) required tariff rates for public supply;
- (3) During the transitional period, the public supplier is also obliged to submit data on the share, quantity and price of electricity purchased at regulated prices.
- (4) The request for approval of tariff rates for public supply shall be submitted to the Regulatory Commission on the form available on the website of the Regulatory Commission.

### **Article 13**

#### **(Reviewing the requested price of public supply)**

- (1) In case that the required price is not determined in accordance with the provisions of this rulebook or that the procedure for purchasing electricity on the competitive market is not carried out in accordance with the provisions of the Law, the Regulatory Commission will reject the public supplier's request for approval of public supply prices.
- (2) In the case referred to in paragraph (1) of this article, the Regulatory Commission determines temporary public supply prices that are equal to the valid tariff rates for public supply approved in the previous period, except in the case that the reference market price is lower by more than 5% of the procurement price in valid prices for public supply, when the price for public supply will be determined using the electricity procurement price equal to the reference market price
- (3) Temporary public supply prices from paragraph (2) of this article are determined for a period of three months, whereby the public supplier is obliged, no later than 45 days before

the end of the period, to submit to the Regulatory Commission a new request for approval of the public supply price in accordance with the provisions of this rulebook.

#### **Article 14**

##### **(Publishing the price of public supply)**

The public supplier is obliged to publish public supply prices and tariff rates for public supply and immediately inform customers about changes in prices and other conditions of sale within a reasonable time, and no later than 15 days before the application of changed prices or conditions of sale.

#### **PART FIVE - DETERMINATION OF THE PRICE OF RESERVE SUPPLY**

#### **Article 15**

##### **(backup supply)**

- (1) A customer, except for small customers and households, who is supplied on the open market has the right to a backup supply of electricity from a backup supplier, in the case of:
  - a) bankruptcy or liquidation of the supplier who supplied it until then or
  - b) termination or revocation of the license of the supplier who supplied it until then.
- (2) Backup supply is realized without submitting a special request, and can last continuously for a maximum of 60 days.

#### **Article 16**

##### **(Energy prices at the supplier of last resort)**

- (1) The price of energy for customers who, for the reasons prescribed in Article 15 of this rulebook, use supply of last resort represents the price of purchasing electricity with the price of the supply service included.
- (2) The price of energy for customers referred to in paragraph (1) of this article is determined by the supplier of last resort in such a way that this price is higher than the realized average prices of electricity procurement for end customers on the retail market in the Republic of Srpska, including the price of energy for public supply, for maximum 20%.
- (3) The achieved average price of electricity for end customers on the retail market of Republika Srpska referred to in paragraph (2) of this article is published by the Regulatory Commission, on a semi-annual basis, based on the data submitted by end customer suppliers.

(4) The price from paragraph (3) of this article is published on the website of the Regulatory Commission no later than 60 days after the end of the accounting period.

**Article 17**  
**(Tariff rates for reserve supply)**

(1) Tariff rates for supply of last resort include:

- a) the price of energy for supply of last resort from Article 16 of this rulebook and
- b) the regulated price of using the network (the price of using the transmission network or the price of using the distribution system).

(2) The supplier of last resort publishes the tariff rates referred to in paragraph (1) of this article on its website, no later than 15 days before the start of their application.

**PART SIX - TRANSITIONAL AND FINAL PROVISIONS**

**Article 18**  
**(Application of other regulations)**

The provisions of the Law and secondary legislation adopted on the basis of it, as well as the market rules, will apply to all issues related to supply and customers that are not covered by this rulebook.

**Article 19**  
**(Interpretation of the regulations)**

(1) The interpretation of the provisions of this rulebook is provided by the Regulatory Commission.

(2) Amendments to this rulebook are made according to the same procedure that is applied for its adoption.

**Article 20**  
**(The effective date)**

This rulebook enters into force on the eighth day from the day of its publication in the Official Gazette of the Republic of Srpska.

President

Vladislav Vladicic

Number: 01-356-6/21/R-9-274

July 22, 2021

Trebinje