

Pursuant to Article 4.2, 4.7 and 7 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (Official Gazette of BiH 7/02, 13/03, 76/09 and 1/11), Article 33 of the Rule of Practice and Procedure of the SERC (Official Gazette of BiH, 2/05) and Articles 16 and 26 of the Licensing Rule – consolidated version (Official Gazette of BiH, 63/16), deciding upon the application of the “Independent System Operator in Bosnia and Herzegovina” No. 05-28-12-17-1/19 of 10 January 2019, the State Electricity Regulatory Commission, at the session held on 27 June 2019 adopted a

## **DECISION**

### **ON ISSUANCE OF LICENCE FOR ACTIVITIES OF INDEPENDENT SYSTEM OPERATOR**

1. A licence shall be issued to the “Independent System Operator in Bosnia and Herzegovina” for the performance of independent system operator activities.
2. The licence referred to in point 1 of this Decision shall be issued for the period from 12 July 2019 to 30 June 2026.
3. The Licence for Independent System Operator Activities with Licence Conditions for independent system operator activities shall be an integral part of this Decision.
4. The licensee is obligated to pay a regulatory fee during the term of the licence in the manner and within the deadlines as defined by a separate act.
5. This Decision shall come into force on the day of its adoption and the disposition of the Decision shall be published in the Official Gazette of BiH, official gazettes of the Entities and the Brčko District of Bosnia and Herzegovina.

#### *Statement of Rationale*

The “Independent System Operator” Sarajevo (hereinafter: the applicant), a non-profitable company established in accordance with the Law Establishing an Independent System Operator for the Transmission System of Bosnia and Herzegovina (“Official Gazette of BiH“, no. 35/04, hereinafter: the ISO Law), with competences and powers as determined by Articles 2 and 7 of this Law and Article 5.2 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina (“Official Gazette of BiH“, 7/02, 13/03, 76/09 and 1/11, hereinafter: the Law on Transmission) is the holder of a licence for performance of independent system operator activities which is entered into the Licence Register of this Commission under registration number 05-28-12-30-21/12 of 3 July 2012, expiring on 11 July 2019.

Pursuant to Article 48 of the Licensing Rule – consolidated version (Official Gazette of BiH, 63/16 – hereinafter the Licensing Rule), no later than 120 days before the expiry of the existing licence, the licensee is obligated to file an application for the issuance of a new licence. In this context, the licensee did this by filing the application received under number 05-28-12-17-1/19 of 10 January 2019. This application will be decided upon pursuant to Article 7 of the Law on Transmission and SERC internal rules and regulations.

The application was submitted in a timely manner, on the prescribed forms with a proof of previously paid application fee and relevant documents which, enclosed to the application or submitted to SERC later upon a SERC request, enabled SERC to understand, consider and decide upon the submitted application. In this context SERC informed the applicant by its act number 05-28-12-17-5/19 of 14 March 2019 on the completeness of the application.

Having reviewed and checked all the documents in terms of formal elements thereof, SERC reviewed the application. First of all in accordance with its obligation in Article 10 of the Licensing Rule, on 18 March 2019 SERC published a public notice in daily newspapers and on its website, summarizing the application and determining the deadline for submitting public comments on the filed licence application and filing applications for intervener status until 26 March 2019.

SERC concluded that the public had not submitted any comment on the application filed for the issuance of licence nor had any person expressed the interest to participate in the procedure in the capacity of the intervener upon the SERC public invitation.

The applicant fulfils indisputably all the criteria, conditions and standards prescribed by law and SERC rules and regulations to perform independent system operator activities. Its technical, legal and financial capabilities were continuously confirmed in all previous years during which it provided evidence that it had performed independent system operator activities pursuant to the Law on Transmission and the ISO Law, complying with all applicable international documents accepted by the relevant BiH authorities, applying the Market Rules and Grid Code, technical and commercial standards, treating market participants in a fair and non-discriminatory manner and without electricity market manipulations, applying the prescribed procedures in its transactions and paying the regulatory fee on a regular basis.

Monitoring of all aspects of compliance of the applicant's activities with the licence conditions provided sufficient evidence to SERC to initiate the preparation of the initial version of the Licence Conditions for independent system operator activities for the new licence which was made available to the applicant as well as all other interested members of the public as of 22 May 2019, who were also provided with an opportunity to give their comments during a general public hearing held on 30 May 2019 at the SERC seat in Tuzla.

The applicant used this opportunity and by its authorised proxy asked for clarifications of some provisions of the draft Licence Conditions for independent system operator activities. Besides asking for clarifications of some provisions of the draft Conditions, the applicant had no concrete remarks or comments on the proposed documents.

Taking into account the fact that the applicant had no remarks on the documents which were the subject of the general public hearing, after it had been finished, pursuant to Article 16 of the Licensing Rule, proposals of a decision on issuance of the licence and licence conditions were submitted to the applicant by SERC act number 05-28-12-17-16/19 of 5 June 2019 which essentially did not differ from the already reviewed texts, as well as a Public Hearing Report with the possibility for the applicant to give comments on the submitted documents within eight days.

Within the provided deadline the applicant sent comments to SERC on some provisions of the Licence Conditions which had not been pointed out previously during the course of the procedure. Regardless of the fact that, in the concrete case, the text was not new in comparison to the text already reviewed at the general public hearing and on which the applicant had the opportunity to give comments but failed to do so, SERC carefully reviewed the received comments and accepted them to a considerable extent in the final version of the Licence Conditions for independent system operator activities.

Having regard to the explicitness of the provision in Article 2 of the ISO Law that upon the establishment of the ISO, no other electric or other company or body will have jurisdiction or authority in the activities vested in the ISO by this Law, and having received convincing indicators that the applicant ensured resources, organised conditions and established professional

standards to continue to perform the same activity after the review of implementation status of all components which are decisive for licence issuance, and in accordance with the aforementioned it was decided as provided in the disposition of this Decision.

The obligation to pay the regulatory fee stems from the provisions of Article 4.10 of the Law on Transmission specifying that SERC establishes the regulatory fee to be paid by licence holders designed to cover estimated SERC expenses.

Pursuant to Article 9.2 of the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina, proceedings may be initiated before the Court of Bosnia and Herzegovina by filing a lawsuit within sixty (60) days from receipt of this Decision.

Number: 05-28-12-17-18/19

Chairman of the Commission

27 June 2019

Tuzla

Milorad Tuševljak