

LAW ON ENERGY

I BASIC PROVISIONS

Article 1

This Law provides the bases of the energy policy of Republic of Srpska, creation of energy development strategy, plans, programs and other documents for its implementation, basic issues of regulation and realization of the energy activities, use of renewable energy sources and terms and conditions for realization of the energy efficiency.

Article 2

The aim of this law is to, along with other laws which regulate realization of the energy activities, provide legal assumptions for safe and qualitative supply of customers with energy following the principles of the competitive power market and sustainable development, along with the energy use and environmental protection.

Article 3

Terms and definitions used in this law shall have the following meaning:

- a) energy - a form of energy available as a commercial commodity, such as electricity, heat, natural gas, oil and its derivatives and bio-fuel;
- b) sustainable development - development and application of technologies for use of energy and energy resources which meet the current needs without making a negative effect on possibility for future generations to meet their own needs, first of all preservation of the environmental balance and exploitation of the fossil fuel resources;
- c) renewable energy sources - non-fossil energy sources which were preserved in the nature and renewed totally or partially such as the energy of watercourse, energy of wind, non-accumulated sun energy, biomass, bio-fuel, sewage gas, gas from the waste water treatment facilities, bio-gases, geo-thermal energy etc.
- d) electricity generated from the renewable energy sources is:
 - 1) Electricity generated by generation installations which use renewable energy sources only;
 - 2) An amount of electricity generated from renewable energy sources by combined generation installations which use non-renewable energy sources as well;

- 3) Electricity generated from renewable energy sources used for filling in the system for the energy accumulating, but the energy obtained using those reservoirs shall be excluded;
- e) Certificate on the electricity origin - document serving the generator of electricity to prove that the electricity generated in its installation was generated from renewable energy sources or in co-generation with a high level of efficiency and it necessarily contains the amount of electricity, energy source which was used for its generation, place and date of generation as well as other data which contribute to the accuracy and reliability of the document;
 - f) Certificate (declaration) for generation installation - the document which is issued to generator of electricity for a single generation installation certifying that such an installation fulfills the prescribed terms and conditions for the concurrent generation of electricity and heat with a high level of efficiency, or for generation of electricity using the waste or renewable energy sources in an economically appropriate way, harmonized with the regulations related to protection of environment;
 - g) Gas - natural gas, natural gas liquids, liquefied oil gas, evaporated liquefied oil gas, bio-gas, gas from biomass, sewage gas and gas from the waste water treatment facilities;
 - h) Oil derivatives - liquefied or gaseous fuels generated by treatment, processing of oil, namely the process related to removal of gases (gasoline, diesel, all types of fuel oil, kerosene type jet fuel, petroleum, petroleum coke, liquefied oil gas and similar);
 - i) Bio-fuel - liquid or gaseous fuel obtained from the biomass;
 - j) Biomass - bio-degradable part of products, agricultural residues and waste, including vegetable and animal matters, and those from forestry and wood industry, as well as bio-degradable parts of the municipal and industrial waste which energy use is allowed;
 - k) Generation of energy - physical or chemical process of conversion of the energy items or renewable energy sources to electrical, heat and other forms of energy;
 - l) Generation of oil derivatives - the processing and treatment of oil or process related to removal of gases, which result in liquid and gaseous products - oil derivatives, including the liquefied oil gas ;
 - m) Co-generation - concurrent generation of electricity and heat or mechanical energy in the uniform process;
 - n) Efficient cogeneration - cogeneration which complies with the requirements:

- 1) Generation from co-generation facility which provides for primary energy saving of at least 10% in relation to the references for separate generation of heat and electricity and
- 2) Generation from micro and small co-generation facilities which provide for the primary energy savings;
 - o) Distribution - transfer of energy through distribution network for the purposes of delivery of energy to customers, other than supply;
 - p) Energy supply - sale, including the resale of energy to customers;
 - q) Safety of supply - capability of the energy system to provide the end user with energy of the defined level of continuity and quality, in a sustainable way complying with the valid standards and contracted arrangements;
 - r) Supply of tariff customers with energy - purchase and sale of energy to satisfy the needs of tariff customers;
 - s) Trade - trading, brokerage and representation at the power market;
 - t) Transfer, namely transport of energy - transport of energy through the transmission network in order to takeover the energy from generators or from other transmission networks and deliver such energy to the distribution network or customers which structures are directly connected to the transmission network;
 - u) Transport of oil and its derivatives to other means of transport - transport of oil, i.e. oil derivatives to all means of transport, other than oil pipeline i.e. product-pipeline;
 - v) Ministry - ministry in charge of energy;
 - w) Energy undertaking - a legal entity or entrepreneur which carries out one or more energy activities;
 - x) Customer - a legal or physical entity which buys energy;
 - y) Non-eligible (tariff) customer - a customer that buys energy for its own needs at regulated prices pursuant to the tariff system;
 - z) Eligible customer - an end user which got the right to buy energy by its own choice pursuant to regulations which define the power market;
 - aa) Public service - the service available to all customers and energy undertakings at certain area at the prescribed price and following the regulated terms and

conditions for access and use of the service, in compliance with safety, including the safety of supply, regularity and quality of service, energy use efficiency, protection of environment and prevention of climate changes, which is being carried out following the principles of transparency of work and supervised by the law-established bodies;

- bb) Public service obligation - an obligation of energy structures to carry out certain energy activities as public services;
- cc) Energy efficiency - reduction of consumption of energy without a drop in the living standard and quality of services in the buildings and generation quality and quantity in industry, traffic and similar.

II ENERGY POLICY AND ENERGY DEVELOPMENT PLANNING

Article 4

The energy policy of Republic of Srpska provides the priorities and guidelines of the energy sector development in order to achieve the long-term aims, which should provide as follows:

- a) safe and qualitative energy supply,
- b) a long-term balanced and sustainable development of energy sector pursuant to the energy consumption tendency,
- c) development of energy infrastructure and introduction of contemporary technologies by providing stable and transparent conditions for investment in construction, reconstruction and upgrading of the energy system and their connection with the neighboring systems,
- d) encouragement of competition at the power market,
- e) availability and material affordability of different types of energy for citizens of Republic of Srpska concurrently with gradual liberalization of the power market;
- f) provision of conditions for encouragement of use of renewable energy sources and co-generation;
- g) improvement of energy efficiency in realization of energy activities, but not in consumption of energy;
- h) improvement of the environmental protection and preservation of environmental balance during generation, transmission and consumption of energy and energy sources;

Article 5

- (1) Energy policy and energy development planning of Republic of Srpska are conducted by the Energy Development Strategy of Republic of Srpska (hereinafter: Energy development strategy).
- (2) Energy development strategy defines as follows: long-term aims of development of certain energy activities, priorities of development, determination of energy needs of Republic of Srpska, sources and method of providing necessary quantities of energy, including long-term planning of the energy sources structures, a share of renewable sources, required levels of energy efficiency and energy savings, necessary investments in energy, measures for encouragement and method of providing means for investment in renewable energy sources and cogeneration, measures and mechanisms for increase of energy efficiency, improvement of protection of environment and prevention of climate changes, encouragement of competition and gradual liberalization of the power market, mechanisms for providing protection of end users, mechanisms and measures for protection of vulnerable customers under the circumstances of liberalized market and other elements which are important for achievement of aims of the energy policy.
- (3) Energy development strategy is made by National Assembly of Republic of Srpska, at the proposal of the Government of Republic of Srpska (hereinafter: The Government) for the period of twenty years.
- (4) Energy development strategy is harmonized with the spatial plan of Republic of Srpska and economic-development plans of Republic of Srpska.

Article 6

The Government makes action plans for implementation of the Energy development strategy referred to in Article 5 of this law, which establishes measures, leaders of activities and terms for realization of the energy policy as well as the method of realization of cooperation with local authorities within the scope of planning of the energy sector development and cooperation with energy structures in the sectors of electricity, gas and oil, other undertakings in Bosnia and Herzegovina and international institutions.

Article 7

The institutions of local authorities are obliged to harmonize its development documents with the Energy development strategy.

Article 8

According to the Energy development strategy, plans and programs of the local authorities' institutions, the energy undertakings make programs and plans of construction, maintenance and use of the energy undertakings and other requirements necessary for realization of the energy activities, complying with those obligations resulting from the international contracts.

Article 9

- (1) The Government makes the annual power balance which is used to plan total energy needs, sources and types of energy as well as the method and measures for satisfying those needs.
- (2) The annual power balance is made no later than 15 December of the current year for the next one.
- (3) The Minister in charge of energy (hereinafter: Minister) makes Rule which prescribes in a more detailed way the content of the power balance, the content, terms and conditions for submission of data which the competent bodies (entity and local authorities) and energy undertakings are obliged to submit to the Ministry in order to make the power balance.

III ENERGY ACTIVITIES AND LICENSES

Article 10

- (1) Energy activities, for the purposes of this law, are meant by:
 - a) generation of electricity, distribution of electricity, supply of electricity and trade of electricity,
 - b) generation of oil derivatives, transport of oil through the oil pipelines and oil derivatives through the product-pipelines, transport of oil and oil derivatives to other means of transport, storage of oil and oil derivatives, trade of oil and oil derivatives,
 - c) transport of natural gas, control of the natural gas transport system, storage and control of the natural gas storage system, distribution of natural gas and control of the distribution system for natural gas, supply with natural gas and trade of natural gas,
 - d) generation of bio-fuels, storage and trade of bio-fuel and
 - e) generation of heat, distribution and control of the distribution system for heat energy, supply with heat energy and trade of heat energy;

- (2) The energy activities of distribution and supply with natural gas are meant by distribution and supply with the liquefied oil gas, bio-gas and gas from biomass and other types of gas if they could be technically transported in a safe way through the distribution network of natural gas.

Article 11

The energy activities: transport and control of the natural gas transport system, transport of oil through the oil pipelines and oil derivatives through the product-pipeline, generation of electricity for supply of tariff customers, distribution of electricity and natural gas, supply of tariff customers with electricity and gas, distribution and supply with heat energy are the activities of general interest and are carried out in the system of the public service obligation pursuant to the law and license for that activity.

Article 12

- (1) Energy activity can be carried out by a legal entity or entrepreneur organized pursuant to the law and which has got the license for that activity in the region of Republic of Srpska (hereinafter: license), unless it has been differently stipulated by this law.
- (2) Energy activities of supply and trade of electricity or natural gas can be carried out by a legal entity or entrepreneur who has got the license for implementation of that activity on the territory of Republic of Srpska, i.e. on the territory of Bosnia and Herzegovina.
- (3) The license referred to in paragraph 1 of this Article should be necessarily possessed by energy undertakings which carry out one of the following activities:
- a) generation of electricity in generation installations which capacity is more than 1 MW and generation of heat energy which capacity is more than 0.3 MW,
 - b) generation of oil derivatives and bio-fuels,
 - c) storage of oil, oil derivatives, bio-fuels and natural gas,
 - d) transport and control of the natural gas transport system,
 - e) transport of oil through the oil pipeline and oil derivatives through the product-pipeline,
 - f) distribution, supply and trade of electricity,

- g) distribution, supply and trade of natural gas,
 - h) distribution and supply with heat energy,
- (4) The license is not required for realization of the following energy activities:
- a) generation of electricity which is generated exclusively for one's own needs or is generated in the generation installations which capacity is up to 1 MW,
 - b) generation of bio-fuels which is generated exclusively for one's own needs,
 - c) generation of heat energy for one's own needs, the capacity of up to 0.3 MW,
 - d) wholesale and retail of oil derivatives,
 - e) wholesale and retail of the liquefied oil gas and
 - f) storage of oil and oil derivatives which are stored exclusively for one's own needs;

Article 13

- (1) The license referred to in Article 12 paragraphs 1 and 2 of this Law is issued by the regulatory authority referred to in Article 15 of this law.
- (2) The license referred to in paragraph 1 of this Article is issued at the request of the energy structure for each energy activity separately.
- (3) Method, criteria, terms and conditions for issuance and revocation of the license are prescribed by special regulations which regulate implementation of activities in the sectors of electricity, natural gas, oil and oil derivatives, bio-fuels and heat energy.

Article 14

- (1) The energy undertaking which carries out two or more energy activities or which, apart from energy activities, carries out some other activity which, for the purposes of this law, is not considered the energy activity, is obliged to carry out the unbundling pursuant to the special law which regulates implementation of that activity.
- (2) Unbundling of the activities for the purposes of this Law can be related to legal, functional and accounting unbundling, while the concrete application

for unbundling is placed in relation to the type of activity, method of realization of the activity, terms and conditions of the activity regulation as well as the energy sector they belong to, taking into account the size, complexity and organization of the sector, size and level of development of the market.

IV REGULATORY COMMISSION FOR ENERGY OF REPUBLIC OF SRPSKA

Article 15

- (1) Regulatory Commission for Energy of Republic of Srpska (hereinafter: Regulatory Commission) is a legal entity, with its right and obligations as stipulated by this law, laws which provisions define implementation of certain energy activities and Statute of the Regulatory Commission, and it has been registered at the court register.
- (2) Regulatory Commission is an independent and non-profitable organization, which has been functionally independent from the republican institutions, energy undertakings and beneficiaries of their products and services, as well as from all other legal and physical entities.
- (3) The headquarters of the Regulatory Commission is in Trebinje.

Article 16

Regulatory Commission shall regulate and supervise the relationships at the market of electricity, gas and oil pursuant to the provisions of this law and competences prescribed by the law and those competences assigned to it by the law provisions in the sector of electricity, gas and oil, taking into account providing the principle of transparency, non-discrimination, fairness, stimulation of competitiveness and protection of end users.

Article 17

Method of implementation and regulation of energy activities referred to in Article 12, paragraph 4, as well as the obligation to be granted the license for implementation of those activities which, for the purposes of this Law, Regulatory Commission is not competent for, are regulated by a special law.

Article 18

- (1) Regulatory Commission is comprised of the president and four members of the Regulatory Commission appointed by the National

Assembly of Republic of Srpska, at the proposal of the Government, following the public competition procedure.

- (2) The mandate of the president and members of the Regulatory Commission is five years.
- (3) No one can be appointed president or member of the Regulatory Commission more than twice (two terms).

Article 19

- (1) President and member of the Regulatory Commission should be a citizen of Republic of Srpska or Bosnia and Herzegovina and who has got knowledge and professional skills related to technical sciences, economy or protection of environment.
- (2) The persons referred to in paragraph 1 of this Article cannot:
 - a) be in a family relationship,
 - b) be the persons punished for crimes within the scope of economy payment transactions,
 - c) carry out the duties that may affect independence of the Regulatory Commission, pursuant to its code of ethics,
 - d) be members of legislative, executive or judicial authorities, supervisory board or board of directors of economic operators, banks or insurance companies and
 - e) carry out and do activities which are opposite to the principles of transparency and non-discrimination at the power market Republic of Srpska;

Article 20

- (1) Regulatory Commission makes the Statute and Procedural Rules, which should comply with this law and which determine the method of operation, decision making process and other documents, development of drafts and regulations and rules' proposals, realization of public consulting and similar.
- (2) Regulatory Commission makes Code of Ethics harmonized with the law, which determines the issues related to conflict of interests, as well as the international practice which determines the conflict of interests and other standards of ethics for employees in Regulatory Commission.

- (3) All rules, regulations and other documents which are of regulatory competence, and made by Regulatory Commission, are published in the Official Gazette of Republic of Srpska.

Article 21

- (1) The sessions of Regulatory Commission are public, except in certain cases when it is about confidential information and commercially sensitive information, and when it is acted complying with secondary legislation made by Regulatory Commission.
- (2) Some documents used by Regulatory Commission to decide on in the second-instance proceeding, as well as the documents used for deciding on in the proceedings related to settlement of disputes between participants at the power market are published in a prescribed way and are not subject to the obligation being published in the Official Gazette of Republic of Srpska.
- (3) Documents of the Regulatory Commission, reports from the hearings and minutes are public, except in those cases when it is about confidential information and commercially sensitive information and are kept pursuant to the legislation made by Regulatory Commission.

Article 22

- (1) If being prevented from realization of duties, the president of the Regulatory Commission is replaced by a member authorized by the president.
- (2) Regulatory Commission makes decision by a majority of members of the Regulatory Commission.

Article 23

- (1) President or a member of the Regulatory Commission may be relieved of their duties if:
 - a) he/she has been permanently prevented from carrying out his/her function due to health or other reasons,
 - b) he/she has been unjustifiably absent from more than three consecutive meetings of Regulatory Commission,
 - c) he/she has resigned as the president or a member of the Regulatory Commission,

- d) got the conditions for being relieved, as prescribed by other law, or statute and Code of ethics;
- (2) National Assembly of Republic of Srpska makes decision on having the president, i.e. a member of Regulatory Commission relieved of, at the proposal of Government.
- (3) A vacancy for president or a member of the Regulatory Commission is filled in by appointing another person in a way and under the terms and conditions for appointment of the relieved president, or a member, for the remaining period of the mandate.

Article 24

- (1) Financing of Regulatory Commission is provided by the annual fees from energy undertakings, licensees for one or more energy activities and one-off fees for the licenses it issues.
- (2) Budget of the Regulatory Commission is adopted by the National Assembly of Republic of Srpska, before beginning of the budget year, at its proposal.
- (3) Based on the approved budget, Regulatory Commission makes decision on the amount of fee referred to in paragraph 1 of this Article.

Article 25

- (1) Rulings and decisions made by Regulatory Commission in all proceedings are final.
- (2) The party which is not satisfied by decision or ruling of Regulatory Commission may initiate the administrative proceeding before the competent court.
- (3) The complaint for initiating the administrative proceeding does not postpone the enforcement of decisions referred to in paragraph 1 of this Article.

Article 26

Regulatory Commission is independent, and it submits the annual report to the National Assembly of Republic of Srpska on its work, at least once a year.

V - RENEWABLE ENERGY SOURCES

Article 27

- (1) Use of renewable energy sources and efficient cogeneration are of general interest for Republic of Srpska.
- (2) Using renewable energy sources and efficient cogeneration provide decrease of use of fossil fuel and negative impacts on environment, as well as effective use of energy; stimulates development of new technologies, diversification of energy sources and increases safety of supply, and it also decreases dependence on import of energy on long-term basis.
- (3) The government shall, at the proposal of Ministry, make a decree prescribing measures that contribute to achievement of aims, which are related to the increase of:
 - a) total generation of energy from renewable sources,
 - b) a share of consumption of electricity generated from renewable sources and efficient co-generation facilities and total consumption of electricity in Republic of Srpska;
 - c) a share of consumption of bio-fuel in total consumption of transport fuel;
- (4) Ministry shall analyze, each year, achievement of aims referred to in paragraph 3 of this Article and propose new measures for their achievement, in cooperation with Regulatory Commission.

Article 28

- (1) The system of stimulating generation of electricity from renewable energy sources and co-generation, method of providing and using incentive means are prescribed by Regulatory Commission, with the consent given by Government.
- (2) The means for stimulating generation of energy from renewable energy sources and cogeneration referred to in paragraph 1 of this Article are provided through the tariff for energy.
- (3) Institutional structure for operational implementation of the incentive system is determined and/or established by Government.

Article 29

- (1) Generator of electricity may, at its own request, get a certificate on origin for electricity generated in the generation installations which has a valid certificate (declaration) when proven that, in the period which the certificate is related to for the generation installations, it has been operating in a way that it meets the terms and conditions prescribed for efficient cogeneration, i.e. generation of electricity from renewable sources.
- (2) Certificate (declaration) for generation installations may be granted to generator of electricity if such generation installations generate electricity from renewable energy sources in an economically appropriate way, protecting environment or in efficient cogeneration.
- (3) Regulatory Commission issues the certificate on origin and certificate for generation installations referred to in paragraph 1 and 2 of this Article and prescribes their content, as well as terms and conditions for issuance.

Article 30

System operators, which network the installations for generation of electricity are connected to, for which the certificate on origin are issued submit to Regulatory Commission all data related to electricity generated for which Regulatory Commission shall issue the certificate on origin.

VI - ENERGY EFFICIENCY

Article 31

- (1) Efficient use of energy is general interest of Republic of Srpska and it represents the contribution to the global intention to decrease adverse effects on environment and sustainable development, and prudent and cost-effective use of energy sources.
- (2) Programs of improvement of energy efficiency are carried out pursuant to the Energy policy of Republic of Srpska, Energy development strategy and regulations of Republic of Srpska.
- (3) Programs of improvement of the energy efficiency are integral part of the Energy development strategy and are harmonized with other programs of sustainable development.
- (4) The ministry is in charge of improvement of energy efficiency through the overall framework of measures to increase the energy efficiency and energy saving.

Article 32

Measures for conducting energy efficiency referred to in Article 31 paragraph 4 of this Law are as follows:

- a) Establishment of favorable conditions for investment through the programs for increase of energy efficiency, through public-private partnership, development of financial cooperation and investment fund;
- b) Provision of cooperation between customers, generators and suppliers of energy, as well as the sector of public services and local authorities' institutions in order to achieve the prescribed level of energy efficiency;
- c) Realization of the requested levels related to energy efficiency through decrease of energy losses, decrease of energy consumption by introducing new technological solutions in different sectors (public sector and sector of public services, civil engineering, agriculture, industry, traffic, etc);
- d) Education of customers and raising awareness of customers on necessity to decrease consumption (saving) of energy and methods for reduction of consumption;
- e) Establishment of the verification system and compulsory labeling of devices with the energy level class, as well as certification of buildings regarding their energy characteristics;
- f) Making regulations within the scope of energy efficiency in order to establish methodology of proving effects of measures and mechanisms to increase energy efficiency; and
- g) Realization of the international cooperation regarding energy efficiency;

Article 33

Programs for efficient use of energy pursuant to the Energy development strategy is made by Government, i.e. the respective institutions of local authorities.

Article 34

- (1) Undertakings dealing with supply of end users with energy should at least once a year, along with the bill, inform the customers on impact of the method of energy use on environment and sustainable development and, in an appropriate way, educate and direct the customers to use energy in a prudent and cost-effective way.

- (2) In order to create conditions for cost-effective and efficient use of energy by end users, the calculation of energy is made according to the actually metered energy.

VII - SUPERVISION AND PENALTY PROVISIONS

Article 35

- (1) Administrative control over implementation of provisions of this law and regulations made based on it is carried out by Ministry.
- (2) Inspection control over implementation of provisions of this law is made by the Republican Inspectorate of Republic of Srpska.

Article 36

- (1) The energy undertaking shall be fined in the amount of 3,000 to 5,000 BAM if:
- a) it does not submit to the Ministry data as prescribed by this law (Article 9, paragraph 3) and
 - b) it does not inform the customers on tendency and importance of the energy use - energy efficiency (Article 34, paragraph 1);
- (2) For the crime referred to in paragraph 1 of this Article, the person in charge of the energy undertaking shall be fined in the amount of 1,000 to 2,000 BAM.

Article 37

- (1) The energy undertaking shall be fined in the amount of 5,000 to 15,000 BAM for the crime if:
- a) it carries out the energy activity as the market one but is actually the public service (Article 11) and
 - b) it carries out the energy activity without the license for it (Article 12 paragraphs 1 and 2);
- (2) For the crime referred to in paragraph 1 of this Article, the person in charge of the energy undertaking shall be fined in the amount of 1,500 to 3,000 BAM.

VIII - TRANSITIONAL AND FINAL PROVISIOS

Article 38

- (1) Terms and conditions related to implementation of activities in the sector of electricity, gas, oil and oil derivatives, their generation, distribution, transport, trade and safety of undertakings are stipulated by special laws.
- (2) Terms and conditions for generation and distribution of heat energy, safety of energy undertakings in this field and status of generators and eligible generators of heat energy are stipulated by a special regulation.

Article 39

Within six months from the effective date of this law:

- a) The government shall make decree of generation and consumption of energy from renewable sources and co-generation, referred to in Article 27, paragraph 3 of this law,
- b) Minister shall make Rule referred to in Article 9, paragraph 3 of this law and
- c) Regulatory Commission shall make rule on stimulating generation of energy from renewable energy sources and co-generation referred to in Article 28, paragraph 1 of this law.

Article 40

- (1) Within four months from the effective date of this law, Government shall propose the National Assembly the appointment of president and members of Regulatory Commission, pursuant to the Article 18 of this law, except for the member of the Regulatory Commission whose mandate has been still running and who was appointed following the decision of National Assembly pursuant to the Law on electricity.
- (2) President and member of the Regulatory Commission, whose term of office ended, keep on working until the appointment of new ones, and no longer than four months from the effective date of this law, is made.

Article 41

This law becomes effective on the eighth day from its publication in the "Official Gazette of Republic of Srpska" and shall be applicable as of 1 September 2009, apart from Article 40 which shall be applicable as of the effective date of this Law.

Number: 01-794/09

14 May 2009

Banja Luka

President

National Assembly

M Sci. Igor Radojicic, on his own