

Pursuant to Article 4 paragraph (2) line a), b) and c) of the Gas Law ("Official Gazette of Republic of Srpska" number 86/07) and Article 10 paragraph (2) line 1 and 2 of the Statute of the Regulatory Commission for Energy of Republic of Srpska ("Official Gazette of Republic of Srpska" number 41/04, 67/07 and 113/07), Regulatory Commission for Energy of Republic of Srpska, in the 39th regular session held on 22 December adopted

**RULE ON TARIFF METHODOLOGY IN THE SYSTEM OF TRANSPORT, DISTRIBUTION,
STORAGE AND SUPPLY OF NATURAL GAS**

PART ONE - INTRODUCTION

Article 1
(Subject)

Regulatory Commission for Energy of Republic of Srpska (hereinafter RERS) prescribes, with this Rule, the principles, method and procedure for the purposes of determination:

- a) Methodology for calculation of the costs of transport, transport system control, distribution, including distribution system control, storage and supply with natural gas,
- b) Methodology for calculation of the costs for connection to the network for transport and/or distribution of natural gas,
- c) Tariff system for calculation of the price for access and use of the system for transport, distribution and storage of natural gas and tariff system for calculation of the price of natural gas for supply of tariff customers.

Article 2
(Aims)

The aim of making this Rule is to enable fair and cost-effective procedure of the price regulation in the natural gas sector, introduction of the market mechanisms and internationally accepted practice based on principles of equal access and non-discrimination of the users of transport and distribution network and storage in the natural gas system, as well as clear conditions, known in advance, of the access and usage of transport and distribution network and storage of natural gas in Republic of Srpska.

Article 3
(Definitions and acronyms)

Terms and definitions used in this document shall have the meaning prescribed by the provisions of the Gas Law, Treaty on Establishing Energy Community of the South East Europe, Directive 2003/55/EC and this Rule.

Test year - the reference year compared to which the determination and approval of the revenue requirement of the energy undertaking for realization of the regulated activity is made;

Tariff period - period in which the tariff rates, approved by RERS, are applied in a way prescribed by the tariff system;

Accounting unbundling - the process related to keeping of the accounting evidences, preparation and development of financial reports which provides that the accounts for each of the activities of transport, distribution, storage and supply with natural gas are kept as if each of them are realized in a separate undertaking, with the aim to avoid discrimination and cross-subsidizing between the activities, between eligible and non-eligible customers or between any regulated and one or more non-regulated activities;

Tariff system - The system of criteria and rules which contains: categories of consumption (users) and groups of customers, tariff elements, method of their application in certain periods of consumption (use) and is used for determination of tariff rates for calculation of the price of services in the natural gas sector;

Tariff rate - a calculating element with an appertaining unit price applied for different categories of consumption or groups of customers for different periods of consumption;

Regulated activity - the activity of transport, distribution, storage and supply with natural gas carried out by the energy undertaking based on conditions prescribed by RERS and/or which the service prices are determined in the procedure and following the method prescribed by RERS;

Regulated prices - prices of services of transport, distribution and storage of natural gas and prices of supply of tariff customers with natural gas expressed through the tariff rates pursuant to the tariff system which application requires RERS consent;

Calculating (tariff) element - Calculating items of the tariff system in which the outputs of the energy undertaking, dealing with transport, distribution, storage or supply with natural gas, may be expressed and reimbursement for those outputs may be calculated;

Revenue requirement - The amount of the revenue needed for the regulated energy undertaking to reimburse all justified costs in order to realize the regulated activity based on which the tariffs for services and supply with natural gas are calculated;

Metering point - metering point for taking over of natural gas and point of separation of activities between the operator of transport or distribution system and customer;

Standard cubic meter of natural gas - Volume of a cubic meter of natural gas at the temperature of 15° and pressure of 101.325 Pa;

Extracted maximum daily consumption of natural gas - a maximum daily consumption which is determined for the taking over places, without daily reading and is calculated based on the maximum monthly metered consumption in the previous year, brought to the day and increased for 20% (rounded on the whole number);

Connection - installations, devices, equipment and materials which are used, pursuant to the connection approval for connecting, to physically connect the structure with the network in the closest point, technically and legally feasible for connecting, including the metering device;

Acronyms:

RS - Republic of Srpska,

RERS - Regulatory Commission for Energy of Republic of Srpska;

Law - the Gas Law;

Sm³ - Standard cubic meter of natural gas

Article 4 (Principles of tariff methodology)

- (1) The prices of natural gas for supply of end users, prices of the access and use of transport and distribution system and storage and prices of connection to transport or distribution network are determined in the natural gas sector pursuant to provisions of this Rule.
- (2) Tariff methodology in the natural gas sector starts from the following principles:
 - a) Tariffs which are determined in the natural gas sector are based on justified costs for realization of activities in order to provide for functioning and development of the system;
 - b) Energy undertaking is entitled to realize revenue requirement, through the tariffs defined by the tariff system, from which it may reimburse all justified costs for realization of activities and realize fair return on the invested assets for realization of the activity which the tariffs are determined for;
 - c) Revenue requirement and justified costs are determined separately for each regulated activity in the natural gas sector and for each energy undertaking;
 - d) Costs of operation are allocated on the calculating elements and categories of consumption defined by the tariff system, accounting-unbundled from other activities which are performed in the energy undertaking;
 - e) Allocation of costs of energy undertakings on calculating elements and categories of consumption are based on the principle of causality, which ensures that the system costs are allocated on those users that caused occurrence of those costs;
 - f) Burden of proof of justification of all items used for determination of the tariff is on the energy undertaking;

PART TWO - TARIFF METHODOLOGY

CHAPTER 1 - CRITERIA AND METHOD FOR DETERMINATION OF COSTS

Article 5 (Annual revenue requirement)

- (1) Annual revenue requirement from the services of the energy undertaking at regulated prices, includes the following components:
- a) justified costs of operation and maintenance, including the costs of depreciation of the fixed tangible and intangible assets, approved by RERS;
 - b) approved return on the capital, on the base and at the rate approved by RERS;
 - c) calculated tax on profit applying the prescribed rate of the tax on the taxable base contained in the amount of the approved return on the equity;
- (2) Revenue requirement from realization of the regulated energy activity is calculated applying the following formula:

$$PP = TRO + AT + PK - OP \quad (1)$$

Whereat,

PP - revenue requirement from tariffs for realization of the regulated activity;

TRO - costs of operation and maintenance occurred in relation to realization of the regulated activity;

AT - depreciation costs of the fixed assets necessary for realization of the regulated activity;

PK - return on the capital invested in the fixed (fixed and permanent working) assets for realization of the regulated activity, at the rate determined according to the structure of sources, including the tax on the calculated amount of return on equity pursuant to regulations;

OP - other revenues realized using the resources intended for realization of the regulated activity;

Article 6 (Structure of the revenue requirement)

- (1) The revenue referred to in Article 5 of this Rule should cover the costs of justified costs of operation of the regulated activity of the energy undertaking, presented in the financial reports which include:
- costs of using structures, equipment and devices,
 - costs of material,
 - costs of operation,
 - costs of services,

- costs of general operational and administrative tasks
- (2) Justified costs also comprise the appertaining part of costs for financing of management and common issues which are carried out within vertically or horizontally integrated energy undertaking.
 - (3) Annual revenue requirement for services within the natural gas sector should provide, at the tariffs determined pursuant to provisions of this Rule, apart from covering of costs of the current operation, conditions for investment in the system development.
 - (4) If the energy undertaking, apart from realization of the regulated activity, realizes other revenues using the material or human resources intended for realization of the regulated activity, the revenues realized on that basis represent the deducting items while calculating annual revenue requirement of the regulated activity, if the appertaining costs are included in the revenue requirement.

Article 7

(Estimate of justification of costs)

- (1) Justified cost of realization of the activity is meant by any expenditure which arises while realizing the regulated activity of the energy undertaking, including the use of necessary assets in a way and pursuant to the Law, regulations made pursuant to the Law, technical standards and engagement of the staff that possesses appropriate knowledge, qualifications and experience required for realization of the activity.
 - (2) In order to include the costs of the energy undertaking in the annual revenue requirement, as the base for determination of the tariffs, it is necessary for the energy undertaking to prove the following:
 - that the costs are recorded and properly expressed in the business books of the energy undertaking;
 - that the volume of the consumed material is harmonized with the volume of products and services offered by the energy undertaking;
 - that the costs are related to the activity which the tariffs are determined for;
 - that the activity which the tariffs are determined for, has been accounting-unbundled from other activities carried out in the company;
- (3) Justification of occurrence of each type of costs is estimated on the basis of usefulness of the cost occurrence, and having in mind terms and conditions, circumstances and available information in the period when decision was made, which caused the costs occurrence.

Article 8

(Costs of use of structures and equipment)

- (1) Justified costs are meant by costs of the fixed assets possessed or used by the energy undertaking which, by law, pursuant to the license for realization of the activity and other regulations made by law were determined to be a necessary condition for realization of the activity.
- (2) Costs of use of the structure, equipment and devices are meant by the costs connected to the operation and maintenance of the fixed assets necessary for realization of the activity, and according to the type of costs it is about the following:
 - depreciation costs,
 - costs of renting property owned by other entities,
 - costs of insurance of structures and equipment,
 - other fees depending on the value or capacity of the structure and equipment;
- (3) Justification of costs for using of the structures, equipment and devices is estimated taking into account specification of structures, equipment and devices which represent the condition for realization of the activity, capacity of the available means, necessary capacity for the respective volume of services in the test year and tariff period, benchmarking data for other similar energy undertakings, adopted accounting estimates and depreciation policy, taking into consideration terms and conditions, circumstances and available information in the period when decision was made on acquisition of the assets.
- (4) Justified costs of the assets rented cannot be higher than the costs that would occur if the energy undertaking obtained the assets in its property, and based on that, calculated depreciation and return on the invested capital.

Article 9

(Costs of material and energy sources)

- (1) Costs of the material and energy sources for realization of the supply of end users, access and use of the transport and distribution system and storage are determined based on the realized volume of the consumed material in the test year and realized unit prices and planned annual volume of the consumed material in the next tariff period.
- (2) Estimate of justification of costs includes the following:
 - justification of the realized volume of the consumed material in the test year, based on the standard, norms or benchmarking analyses,
 - justification of the realized unit prices based on the realized market prices, benchmarking analyses or conducted competitive procurement procedures,
 - Justification of the planned annual volume of the consumed material and energy items in the next tariff period, based on the business plan and development plan.

Article 10
(Costs of operation)

- (1) Costs of operation includes the costs of salaries and salaries' reimbursement of the employees, other personal earnings, payments to the management on the burden of costs of the actual period and all other expenses based on the Employment contract for the works which are necessary for functioning of the energy undertaking, including all types of taxes, contributions and other fees on the burden on the employer which are paid for personal earnings.
- (2) The costs of work comprise the fees for separate life, reimbursements for work in Commissions, field trip allowances, expenses for professional training, expenses for insurance of employees and all expenditures depending on number, professional readiness and period of engagement of human resources and other similar expenses.
- (3) Justification of costs of operation is estimated based on the verified norms and benchmarking analyses regarding necessary volume and types of works, and for the price of works based on the benchmarking data for the same and similar works in Republic of Srpska and similar energy undertakings in neighborhood.
- (4) Energy undertaking may prove justification of total costs of operation per elements of the volume and price of the operation and other facts and data which are considered relevant.

Article 11
(Costs of services)

- (1) The energy undertaking is entitled to reimburse costs of outsourcing related to the operation and maintenance of assets and fulfillment of prescribed obligations in the regular operation provided that it does not possess its own resources for realization of a certain service or that the costs appertaining to those resources are not included in the revenue requirement and that they are obtained at prevailing market prices in the period of acquisition.
- (2) Costs of services which are carried out, for the energy undertaking, by the organizational part within vertically or horizontally integrated undertaking, either as internal service in the same legal person or as the external service of the related legal person may be reimbursed from the tariffs only provided that:
 - a) they were obtained in the open and competitive procurement procedure or
 - b) that the applicant may prove that internally obtained service of procurement is cheaper than externally obtained service of the same quality;

Article 12
(Costs of general administrative services)

Costs of general, administrative and other work which are carried out by the organization part of the same legal person or related legal person for the energy undertaking may be included in the revenue requirement if:

- a) there is a clear specification of services related to realization of the regulated activity of the energy undertaking;
- b) the costs are allocated either applying the unit prices, determined in advance, of each service or based on the obvious, applicable and explained keys for allocation;

Article 13
(Return on the invested capital)

- (1) Costs of the capital in the amount of the calculated return on the invested capital are calculated applying the weighted average price of the capital on the regulatory base.

$$PK = ppk \times RAB \quad (2)$$

Whereat,

PK - return on the invested capital

ppk - average weighted price of the capital

RAB - regulatory base

- (2) Average weighted price of the capital is the rate of contribution on the invested equity and borrowed capital for realization of the activity, and it is calculated as the weighted average of the approved profit rate in relation to the equity and average interest rates in relation to the borrowed capital for financing of the regulatory base.
- (3) Regulatory base is the net present value of the necessary fixed and working capital for realization of the regulated activity, identified pursuant to the provisions of this Rule.
- (4) While determining the return on equity, RERS ensures that either the amount of the revalued reserves included in the regulatory base which are kept at the estimated fair value by reducing the base for calculation or the amount of the realized revalued surplus based on the realization (depreciation or expenditure) of the assets included in the regulatory base which are kept at the estimated fair value reducing the calculated amount of return, which depends on the accounting policy of the regulated undertaking is taken as a deducting item.

Article 14
(Regulatory base)

- (1) Net current value of the necessary fixed assets is determined as the amount of the fixed assets on the last day of the test year or as the average amount of the fixed assets during the tariff period, if the energy undertaking has relevant and reliable data on changes of the value of fixed assets during the tariff period.

$$RAB = \frac{\sum_0^n (OS_i + TOS_i)}{n + 1} \quad (3)$$

Whereat,

RAB - regulatory base,
 OS_i - net value of the fixed assets,
 TOS_i - permanent working capital,
 n - Number of years of the tariff period,
 0 - test year

- (2) The regulatory base comprises the net current value of the fixed assets expressed in the financial reports of the energy undertaking, reduced for the fixed assets received free of charge and received donation for fixed assets and increased for the value of assets in preparation that will be activated during the tariff period.
- (3) Net current value of the fixed assets expressed in the financial reports of the energy undertaking is recognized for calculation of the regulatory base provided that the assets are kept at historically-purchasing value, or if kept at the estimated fair value provided that the accounting estimates are conducted on the basis of the defined accounting policy pursuant to the relevant accounting standards, and that there are regular evidences of calculation and realization of the revalued reserves for each piece of assets and that there are evidences kept for totally accumulated depreciation for each piece of assets.

$$OS_i = NV_i - IV_i - D + I_{i+1} \quad (4)$$

Whereat,

NV_i - purchasing value of the fixed assets in use or estimated fair value of fixed assets in i- year,
 IV_i - correction of the value of the fixed assets in i-year,
 D - Net bookkeeping value of the fixed assets received, free of charge, and received donations for the fixed assets included in the regulatory base in i-year,
 I_{i+1} - Assets in preparation which shall be activated during (i+1) year of the tariff period;

- (4) The fixed assets in preparation which may be included in the regulatory base should meet the investment-justification criteria which means that investment leads to increase of capacity, quality of products or services, fulfillment of the legally prescribed obligations or it extends the usage life of the assets already in use.
- (5) Intangible assets, apart from goodwill, may also be included in the regulatory base in the same way and based on the same criteria as it is the

case with the intangible assets. Goodwill is not recognized in the regulatory base regardless of the way it occurred.

- (6) The regulated base comprises the amount of the necessary working capital for the business financing, determined based on the data in the financial reports of the energy undertaking and based on principles of the rational control of the assets, cash flow and prudent business practice.

$$TOS_i = M \& Rd_i + Pk_i + G_i \quad (5)$$

Whereat,

$M\&Rd_i$ - average amount of the necessary material and spare parts at stocks, calculated on the basis of the annual consumption and necessary period of connecting at stocks determined pursuant to the prudent business practice and rules of optimum control of stocks in i-year;

Pk - average amount of the receivables for the regulated service, determined, based on the annual trade and required period of connecting from issuance of the invoice until receivables are paid pursuant to the prudent business practice in i-year;

G_i - Average necessary daily amount of the cash on the bills and in the cash-office of the energy undertaking for servicing of the current liabilities in i-year;

Article 15

(Average weighted price of the capital)

- (1) Rate of return on the borrowed capital for financing of the regulatory base is recognized only in the amount of prudently and rationally engaged other resources.
- (2) Rate of return referred to in paragraph 1 of this Article is approved by RERS based on the proposals and data of the regulated energy undertaking and the same cannot be higher than the interest rate on already taken long-term credits and loans.
- (3) Rate of return on equity is established in a way which reflects the specific risk of the undertaking and prevailing conditions of obtaining capital at the financial market in the tariff period.
- (4) While approving the rate of return referred to in paragraph 3 of this Article, RERS takes into account the gradual liberalization of the market and equality of property forms in RS.
- (5) Average weighted price of the capital is calculated for all years of the tariff period based on the data on structure of sources of assets in the test year applying the formula as follows:

$$ppk = p \times \frac{VK}{UK} + i \times \frac{TK}{UK} \quad (6)$$

Whereat,

ppk - Average weighed price of the capital,

p - Rate of return (approved profit) on equity for financing of the regulatory base,

VK - Equity,

UT - Total capital,

i - Interest rate calculated on the borrowed capital for financing of the regulatory base,

TK - borrowed third party capital (long-term third party resources) for financing of the regulatory base

Article 16 (Other revenues)

(1) The revenue requirement of the energy undertaking determined in a way as prescribed by provisions of the Article 8 to 15 of this Rule is reduced for the amount of other revenues which the energy undertaking realizes using the assets included in the regulatory base or through the work of employees which salaries are included in the costs of the period, which are: revenue from users outside RS, revenues from the sale of by-products, revenues from activating own outputs, revenues from the sale of assets, a separated part of the revenues of the period based on realization of the donated assets and assets received free of charge and other revenues.

(2) While determining other revenues referred to in paragraph (1) of this Article, RERS takes into account realization in the test year for each kind of the revenues, structure of the assets included in the regulatory base and appertaining costs as well as other facts which might affect the amount of the other realized revenues in the tariff period, proven by the applicant in the tariff proceeding.

Article 17 (Adjustment of the realized costs)

(1) Costs of realization of the regulated activities of transport, distribution, storage and supply with natural gas, as well as the costs of connecting to the network are documented by the energy undertaking with the data on realization in the test year as well as the business plan for each year of the tariff period.

(2) Costs which comprise the annual revenue requirement are determined based on the realization in the test year, adjusting the energy and technical parameters to the values defined by the business plan for the tariff period, based on the power balance of Republic of Srpska.

(3) The energy undertaking proves justification of each realized amount of the cost in the test year which is included in the annual revenue requirement as well as justification of each adjustment during the tariff period.

- (4) The test year is as a rule the year which precedes to the tariff proceeding and it covers the period in which the energy undertaking has all relevant data and evidences on disposal which its application is based on, or data and records which are sufficient for the reliable estimate of justification of each item in the structure of the revenue requirement and volume of the material consumed harmonized with the volume of services based on which the unit prices and tariffs are calculated.
- (5) For those costs which are out of control of the energy undertaking, Regulator may prescribe the method of adjustment during the tariff period and method of determination of the approved tariff in relation to the unit price of the items which are out of control of the energy undertaking.
- (6) The revenue requirement in the tariff period may be adjusted at the request of the energy undertaking or on RERS initiative for the amount of deviation of the revenue requirement realized in the previous tariff period because of being out of control of the energy undertaking, and which is not included in the adjustments referred to in paragraph 5 of this Article.

Article 18
(Allocation of revenue requirement)

- (1) The revenue requirement of the energy undertaking for realization of the regulated activity is allocated on the calculating elements and categories of consumption following the principle of causality pursuant to provisions of this Rule.
- (2) The principle of causality referred to in paragraph 1 of this Article means that a certain calculating element is assigned the appertaining costs of the regulated activity which depend on the amount of that calculating element, and then the costs assigned to each calculating element are allocated on categories of customers depending on volume and method of their consumption of natural gas.
- (3) Unit prices of services in the natural gas sector per tariff rates are calculated on the basis of the allocated annual revenue requirement and volume of services stated in the calculating elements for the respective category of consumption.

CHAPTER 2 - BASES OF THE TARIFF SYSTEM

Chapter one - Basic elements of the tariff system

Article 19
(Tariff system)

- (1) The tariff system in the natural gas sectors defines the categories of consumption and tariff groups of customers and calculating elements for which the unit prices (tariffs) are approved by RERS pursuant to provisions of this Rule.
- (2) The calculating elements of the tariff system are defined for each activity separately.

Article 20
(Categories of end users and tariff groups)

(1) Tariff system defines the categories of end users and system users depending on costs which they cause to the system, with characteristics of their consumption, starting from the place and method of the access to the system and their available capacity as follows:

- industrial end users which structures are connected to the distribution or transport system,
- remote heating systems,
- commercial end users which structures are connected to the distribution system,
- end users - households

(2) Within each category of customers it is possible to establish the tariff group, depending on the particularities of consumption, period of consumption, method of planning and use of the available capacity, type and maximum capacity of the metering device based on the established and explained application of the energy undertaking.

Article 21
(Calculating elements of the tariff system)

Calculating elements of the tariff system for transport, distribution, storage, ancillary services and supply of end users are as follows:

- capacity, expressed in $\text{Sm}^3/\text{day}/\text{year}$,
- consumption, expressed in Sm^3 of natural gas,
- metering point;

Article 22
(The tariff design)

(1) Tariff design is a set of principles and procedures which determine the calculating elements for services in the natural gas sector, identified for different categories of customers in certain periods, which application determines the tariff rates and establishes the relationships between them pursuant to the aims and principles of regulation of the natural gas sector.

(2) Applying the tariff methodology and the tariff design procedure, the tariff rates are determined in a way to provide harmonization of consumption to the conditions and possibilities of the energy system, the customers are encouraged to rationally use and the costs are divided on the end users proportionally to the costs which they cause to the energy system having in mind place, method, quantity and time of taking natural gas.

Article 23
(Re-allocation of costs)

(1) Tariff design may include the re-allocation of costs assigned to one calculating element in the tariff rate for another calculating element, if it increases the efficiency in use of the capacity, in consumption of the natural gas, if it has an impact to reduce total costs of operation of the energy undertaking or if some other effects are achieved which are of general interest.

(2) As the basis for re-allocation of costs it may be used the period of using maximum capacity, relative share of the maximum daily consumption of customers in the concurrent maximum daily consumption of the system (concurrency coefficient) and other indicators related to the characteristics of the consumption of the respective group of customers.

(3) Energy undertakings may define tariff rates, according to the period of consumption, with the aim to stimulate models of consumption which facilitates excessive unequal load of the system.

Chapter B: Tariff system for the access and use of the transport system

Article 24
(Calculating elements for services of the transport system)

(1) Calculating elements of the tariff system for transport, in which the transporter calculates the price of services, are as follows:

- capacity (expressed in $\text{Sm}^3/\text{day}/\text{year}$),
- consumption (expressed in Sm^3),

(2) Calculating element of the tariff system for the transport system control and system balancing is consumption and is expressed in Sm^3 .

Article 25
(Categories of the transport system users)

The transport system users are:

- industrial end users which structures are connected to the transport system,
- remote heating systems connected to the transport system,
- distribution systems,
- related transport systems;

Article 26
(Determination of the calculating elements of the transport system)

- (1) The calculating element of capacity for the transport system user is determined in the amount of the reserved maximum daily consumption for the next year and is applied in the calculation for that user in the next year until final calculation.
- (2) The system users are obliged to, no later than 31 October of the current year, submit to the transporter the data necessary for creation of the calculation:
 - reserved maximum daily consumption for the next year,
 - total planned annual consumption of gas with monthly dynamics;
- (3) If the system user does not submit the required data before the deadline as referred in the previous paragraph, the energy undertaking shall determine maximum daily consumption on the basis of data from the previous year, for the purposes of calculating maximum daily consumption.
- (4) The calculating element of capacity for the transport system user which is connected for the first time to the transport network is determined on the basis of data on the maximum daily consumption of natural gas from the contract on sale of natural gas.
- (5) The paragraph (4) of this Article is applied also on the system user that did not have any consumption of natural gas in the previous year.
- (6) The final calculation for each year is made at the end of the year pursuant to the tariff system and technical rules.
- (7) The calculating element of consumption is determined by metering.

Article 27

(Volume of services for determination of tariffs)

- (1) The volume of services for the calculating element of capacity for a certain category of consumption is determined as the sum of individual maximum daily or extracted maximum consumption of the transport system users from that category determined pursuant to provisions of Article 26, paragraph 1 of this Rule and planned changes of the volume of services in the tariff application year at all taking over placing of natural gas from the transport system of energy undertakings in Republic of Srpska.
- (2) The volume of services for the calculating element of consumption for a certain category of consumption is the total planned annual quantity of natural gas which is delivered to beneficiaries from that category of consumption in Republic of Srpska through the system for transport of energy undertakings in the tariff application year.

Article 28

(Allocation of costs on the calculating elements)

- (1) The calculating element of capacity for calculation of services of the transport system is allocated the fixed costs of operation and maintenance of the transport system and return on the capital invested in the fixed assets of the transport system.
- (2) The calculating element of consumption is allocated the costs as follows:
 - a) of the technological gas which is used for gas heating during the gas reduction, and is calculated in relation to the number of reductions,
 - b) of losses of natural gas in the transport network,
 - c) of the re-allocated part of the capacity costs, pursuant to the tariff design
- (3) Transporter may, a part of the capacity costs, in total or per categories of end users, re-allocate on the calculating element of consumption if it contributes to the better use of the available capacity, taking into account the encouragement of the equal consumption and time of use of the maximum capacity, which may serve as the criterion for defining tariff groups of users based on these criteria.

Article 29
(Determination of tariff rates)

- 1) Tariff rates are determined for each of the calculating elements referred to in Article 24 and for each category of consumption referred to in Article 25 of this Rule.
- (2) The price per the tariff rate (hereinafter: the tariff rate) of capacity is calculated as the quotient of maximum annual revenue requirement of the energy undertaking for transport of natural gas allocated on the calculating element of capacity for each category of users and volume of services determined pursuant to Article 27 paragraph 1 of this Rule for each category of users and is expressed in BAM per the capacity unit.
- (3) The tariff rate of consumption is calculated as the quotient of annual revenue requirement of the energy undertaking for transport of natural gas, allocated on the calculating element of consumption for each category of the transport system users and volume of consumption as determined pursuant to Article 27 paragraph 2 of this Rule for each category of users and is expressed in BAM/Sm³.

Article 30
(Determination of tariffs for users of the different transport systems)

- (1) For the transport system users of natural gas that are connected to the transport system in Republic of Srpska and that do not use the transport system in FBiH, while determining tariff rates only those costs of the energy undertakings for transport of gas in Republic of Srpska are charged.

(2) For the transport system users of natural gas which use the transport system in Republic of Srpska and transport system in FBiH, while determining the tariff rates, the costs of the energy undertakings for transport of gas in Republic of Srpska and transferred costs of transport which the system users contract with the energy undertaking for transport of gas from FBiH are charged.

(3) The tariff rate of consumption for the transport system control is the single tariff rate for the transport system of natural gas on the territory of Republic of Srpska and is applied for all users of the transport system in Republic of Srpska.

Article 31

(Control of the transport system)

The tariff rate of consumption for the transport system control is calculated as the quotient of the maximum approved revenue of the energy undertaking for the transport system control for natural gas and total quantities of natural gas which is delivered from the transport system for natural gas on the territory of Republic of Srpska, controlled by transport system operator and is expressed in BAM/Sm³.

Article 32

(Method of calculation of services of the natural gas transport and transport system control for natural gas)

(1) The services of the natural gas transport and transport system control for natural gas are calculated based on the amount of the calculating elements and tariff rates for the accounting period.

(2) If the tariff rates are changed during the calculating period, transport services and transport system control for natural gas are calculated applying new and applicable prices, proportionally to the number of days of their validity in the calculating period.

(3) Method of metering, calculating period as well as the method of calculation of services of transport of natural gas and transport system control for natural gas are determined by the energy undertaking and system user, pursuant to the law, rules of operation of the system for transport of natural gas, issued consent for connection to the system for the natural gas transport and tariff system.

Chapter C - Tariff system for access and use of the distribution system

Article 33

(Calculating elements for access and use of the distribution system)

(1) Calculating elements of the tariff system for access and use of the distribution system, which distributor allocates the costs of its services per categories of users on, are as follows:

- capacity (expressed in $\text{Sm}^3/\text{day}/\text{year}$),
- consumption (expressed in Sm^3),
- metering point (expressed in the fixed amount);

Article 34

(Categories of the distribution system users)

(1) Distribution system users are divided into following categories:

- industrial end users which structures are connected to the distribution system,
- remote heating systems,
- commercial end users,
- end users - households;

(2) Within the categories of end users of "households" and "commercial end users", there are the tariff groups of customers created according to the connection type which is determined by the maximum capacity of the metering device.

Article 35

(Determination of the calculating elements for the distribution system users)

- (1) The calculating element of capacity for the distribution system user, from the category of users of "industrial end users" and "remote heating systems" are determined once a year and it corresponds to the concurrent maximum daily consumption which was determined based on the realized or extracted maximum daily consumption in the previous year.
- (2) The calculating element of capacity for the distribution system user, from the category of users of "commercial end users" and "households" is determined based on the maximum capacity of connection, i.e. metering device.
- (3) The calculating element of consumption for distribution of natural gas is determined by metering.
- (4) The calculating element of metering point corresponds to the number of metering points for distribution system users.

Article 36

(Volume of services for determination of the distribution system tariffs)

- (1) The volume of services for the calculating element of the distribution system capacity for the category of users of "industrial users" and "remote heating systems" are determined separately for each category and it corresponds to the

sum of the concurrent maximum daily metered or extracted consumption of all distribution system users from each of these categories in the previous year, determined pursuant to provisions of Article 35 of this Rule.

- (2) The volume of services for the calculating element of the distribution system capacity is determined separately for each category of users of "commercial users" and "households" and it corresponds to the sum of maximum capacities of the connection (metering device) of all users from each of these categories.
- (3) The volume of services for the calculating element of consumption is the total annual quantity of natural gas which is delivered by the system for distribution of the energy undertaking for each category of users determined pursuant to provisions of Article 35 of this Rule.
- (4) The calculating element of metering point is related to the total number of metering points per categories of the distribution system users.

Article 37

(Allocation of costs on the calculating elements of the distribution system)

- (1) The calculating element of capacity is allocated the fixed costs of operation and maintenance of the distribution system, and this amount, allocated in this way, is then allocated on the categories of the distribution system users proportionally to the share of the maximum daily consumption of certain category of users in the maximum daily consumption of all categories of users, taking into account the concurrency.
- (2) The calculating element of consumption is allocated the costs of losses of natural gas in the distribution network, costs of adding some smell and costs of technological natural gas.
- (3) The calculating element of metering point is allocated the costs of maintenance of the connection, including metering devices.
- (4) The costs assigned to the calculating element of the distribution system capacity for each category of users may be re-allocated to the calculating element of consumption and metering point, pursuant to provisions of Article 23 of this Rule.
- (5) For calculation of costs of the distribution system use, the cumulative principle of the allocation of costs is applied.

Article 38

(Determination of the tariff rates of distribution system)

- (1) Tariff rates are determined for each of calculating elements referred to in Article 33 and each category of consumption referred to in Article 34 of this Rule.
- (2) The tariff rate of capacity is calculated as the quotient of annual revenue requirement of the energy undertaking for distribution of natural gas, allocated on the calculating element of capacity for each category of the distribution system user and volume of services determined pursuant to Article 36, paragraph (1) and (2) of this Rule and is expressed in BAM per the capacity unit.
- (3) The tariff rate of consumption is calculated as the quotient of the annual revenue requirement of the energy undertaking for distribution of natural gas, allocated on

the calculating element of consumption for each category of the distribution system users pursuant to provisions of Article 37 of this Rule and consumption determined pursuant to provisions of Article 36 of this Rule and is expressed in BAM/Sm³.

- (4) The tariff rate of metering point is calculated as the quotient of the annual revenue requirement of the energy undertaking for distribution of natural gas, allocated on the calculating element of metering point for each category of the distribution system users pursuant to provisions of Article 37 of this Rule and number of metering points in each category, and is expressed as the fixed amount in BAM for the metering point for the calculating period.

Article 39

(Method of calculation of services of the natural gas distribution)

- (1) Services of distribution of natural gas are calculated based on the amount of the calculating elements and tariff rates for the calculating period.
- (2) If the tariff rates are changed during the calculating period, services of the natural gas distribution are calculated applying applicable valid prices, proportionally to number of days of their validity in the calculating period.
- (3) Method of metering, calculating period as well as the method of calculation of the natural gas distribution services are determined by energy undertakings and the system user, pursuant to the law, rules of operation of the system for distribution of natural gas, issued consent for connection to the system for the natural gas distribution, general conditions for supply with natural gas and tariff system.

Chapter D - Tariff system for storage and storage system control

Article 40

(Calculating elements of the system for the natural gas storage)

- (1) The activity of the natural gas storage includes the costs of loading, storing and delivery of natural gas.
- (2) Calculating elements of the system for the natural gas storage and storage system control are as follows:
 - consumption which is calculated for the services of loading to the storage system and is expressed in 1000 Sm³ for the calculating period;
 - consumption which is calculated for the service of the natural gas delivery from the storage system to the transport system and is expressed in 1000 Sm³ for the calculating period and
 - period of the natural gas storage which is expressed in 1000 Sm³/day;

Chapter E - Tariff system for supply of tariff customers with natural gas

Article 41

(Calculating elements for supply of end users)

Calculation elements of the tariff system for supply of end users with natural gas are as follows:

- consumption,
- fixed fee per the metering point of the customer,

Article 42

(Categories of consumption)

Supply of tariff customers with natural gas is only related to the category of households.

Article 43

(Determination of the amount of the calculating elements)

- (1) The calculating element of consumption is determined by metering the quantity which has the energy value determined by the contract and expressed in kJ/Sm³, and is expressed in Sm³.
- (2) While calculating the natural gas consumed, for deviation from the energy value, the amount of delivered gas is corrected applying the following formula:

$$P = P_o * \frac{Q_{st.}}{Q_{def.}} \quad (8)$$

Whereat,

P = corrected amount of natural gas,

P_o = real quantity of natural gas,

Q_{st} = average real energy power of natural gas kJ/Sm³,

Q_{def} = defined energy value referred to in paragraph (1) of this Article

- (3) The calculating element of fixed fee per a metering point is determined according to the number of metering points of end users.

Article 44

(Calculation of the natural gas price for supply of tariff customers)

- (1) Calculation of the natural gas price for supply of tariff customers with natural gas includes the costs related to the following activities:
- a) Costs of the supply service, such as the costs of contracting, metering and calculation of costs of the natural gas delivery to end users, invoicing and payment of the natural gas taken, of the end consumption;
 - b) Costs of procurement of the natural gas to meet the end users' demand;
 - c) Settlement of liabilities towards transporter and distributor for the natural gas delivered to end users;
- (2) If, during the tariff period, the gas price on the market is changed for more than $\pm 5\%$ in relation to the price which was used for calculation referred to in paragraph 1, line b) of this Article, the supplier may correct his price for tariff customers applying the following formula for each tariff rate of the calculating element of the natural gas consumption:

$$C_1 = C_0 + (C_{g1} - C_g) \quad (9);$$

Whereat:

C_1 = a new tariff rate for the calculating element of consumption of gas for a respective category of customers;

C_0 = a valid tariff rate for consumption of natural gas which the correction is determined for;

C_{g1} = a new average procurement price of natural gas for calculation of the tariff,

C_{g0} = an average procurement price of natural gas used for calculation while calculating the valid tariff;

Article 45

(Allocation of costs on calculating elements)

(1) Tariff rates for non-eligible customers are determined on the basis of the allocation of the part of costs appertaining to, on the calculating elements of consumption and fixed fee per the metering point of the customer for each category of end users.

(2) For allocation of costs of supply on calculating elements and categories of end users, a cumulative principle of allocation of costs is applied, so that in the tariff rate for a certain calculating element in the activity of supply of end users, the appertaining costs of transport, storage and distribution, allocated on that calculating element, are contained.

(3) The costs of registration and data treatment, related to the metering devices of users, submission of data, issuance of bills and similar expenditures are allocated on the calculating element of metering point.

(4) A part of total amount of costs of use of transport and/or distribution capacity or storage capacity, pursuant to the tariff design, may be assigned to the calculating element of the fixed fee per a metering point.

(5) The tariff rate of fixed fee per a metering point of the customer is calculated following the cumulative principle in a way that it may be assigned the costs of distribution

expressed in the calculating element of fixed fee per a metering point of customer, such as checking of regularity and maintenance of the metering devices and connection of the customer.

Article 46
(Determination of tariff rates)

- (1) The tariff rate for the calculating element of consumption is calculated as the quotient of approved revenue requirement of the supplier allocated on that calculating element for each category of tariff customers pursuant to provision of Article 45 of this Rule and total consumption of natural gas for each category of customers determined pursuant to the provision of Article 43 of this Rule.
- (2) The tariff rate for the calculating element of fixed fee per a metering point of customer is calculated as the quotient of the approved revenue requirement of the supplier allocated on that calculating element for each category of tariff customers pursuant to provisions of Article 45 of this Rule and number of metering points in that category of customers.

Article 47
(Application of tariff rates)

- (1) Supplier of tariff customers with natural gas is obliged to calculate and submit the bill to the customer in which the unit prices, calculated quantities and total value per all calculating elements are stated.
- (2) In case of the price correction due to the change of the procurement price of gas referred to in Article 44 paragraph 2, the supplier submits, along with the bill, notice on the reason for change and calculation of a new price for the gas supplying, to end user.

CHAPTER III - METHODOLOGY FOR CALCULATION OF COSTS FOR CONNECTION TO THE NETWORK

Article 48
(Structure of the connection costs)

- (1) The connection costs include:
 - Costs of equipment, devices and material,
 - Costs of operation,
 - Costs of development of the project, obtaining of documents and creation of other conditions for connecting,
 - Costs of the system caused as a precondition for connection of the structure to the respective network, depending on the approved capacity of the connection.

- (2) A part of the system costs, occurred as a precondition for connection of the structure, includes the costs of the construction of transport, i.e. distribution network and stations in which it is carried out the metering process and reduction on the pressure of the respective network which the structure is connected to.
- (3) The energy undertakings for transport and distribution of natural gas determine the standard of works and specification of the material and equipment for calculation of costs of connection and unit costs for determination of part of the system costs occurred due to connection, while the energy undertakings for distribution of natural gas, based on those standards determine also the amount of costs for each type of connection which characteristics comply with technical rules and development plan of the energy undertaking.
- (4) Calculation of the connection costs is made on the basis of standards for the costs referred to in paragraph (1) of this Article as the sum of costs determined:
 - a) in the fixed amount for each type of connection on the basis of characteristics of connection defined by the technical rules of the energy undertaking and is expressed in BAM,
 - b) in the variable amount which depends on distance of the structure which is connected from the transport or distribution system and is expressed in BAM/m;
- (5) Calculation of the system costs which occurred due to connection is made on the basis of the approved connection capacity, expressed in m^3/h , and unit costs of providing preconditions for connection in the transport or distribution system, proportionally to the level of utilization of the capacity of the system part which it is connected to.

Article 49

(Criteria for determination of the connection costs)

- (1) Criteria for determination of the connection costs to the system are: Approved capacity from Decision which approves connection, necessity to install required devices, equipment and material, necessity for realization of the works, costs of development and making of documents as well as creation of other conditions for connection.
- (2) If it is necessary, due to technical or other objective connecting conditions, to construct transport i.e. distribution structure or a part of the system which capacity is more than the maximum approved capacity at the metering point or to install equipment and devices of the capacity which is more than the approved, a share of the connection costs in the costs of the construction of the structure on this basis are determined proportionally to the approved capacity at the connecting point.

Article 50

(Method of calculation of the connection costs)

(1) Costs of the connection construction of the structure are calculated based on the project documents, standard of works and specification of the material and equipment of the energy undertaking and market prices.

(2) Connection costs are determined as the sum of real costs of equipment, devices and material, works, project development, obtaining of necessary documents and creation of other conditions for the connection construction, such as:

- the analyses of the optimum connection point,
- development of the connection project,
- obtaining of the prescribed consents and approvals and other necessary documents,
- settlement of the property-legal relationships related to the respective connection,
- realization of the preparatory works,
- procurement of equipment, devices and material,
- necessary mounting works for realization of the connection with costs of labor works, use of machines, tools, equipment and vehicles,
- metering point equipping,
- geodetic works,
- testing and commissioning,
- realization of other necessary professional, operational and administrative works in order to connect the structure to the system, pursuant to the technical regulations and rules of the system operation which the structure is connected to and criteria determined by this methodology;

(6) Costs of the connection construction of the structure are calculated applying the following formula:

$$TP = TO + TP + TD + DTS \quad (10)$$

Whereat,

TP - Total costs of the connection,

TO - Total costs of the necessary equipment, devices and material for creation of the connection,

TP - Total costs of the executed works,

TD - Total costs of obtaining and creation of documents and creation of other conditions for the connection construction;

DTS - a part of the system costs occurred as a precondition for connection;

Article 51
(Correction of calculation of the connection costs)

- (1) The system user, due to suitability of conditions and more efficient realization of the connection construction or realization of works of connecting its structure to the system, may require some works and activities to be executed in his own, but which are not connected to obtaining conditions given by the state authorities and authorized organizations, if it obtains for them written consent of the energy undertaking which system it is connected to.
- (2) From the connection costs, the positions related to works and activities referred to in paragraph 1 of this Article in a way that the amount of costs which corresponds to those positions is deducted from totally calculated amount of the connection costs and possible additional costs of the energy undertaking are taken into account in the process of control of the execution of works.

Article 52

(Connection costs in special cases)

(1) Special cases for determination of the connection costs in a sense of this methodology are as follows:

1. Change of the maximum approved capacity at the connection point,
2. Re-connection of the structure to the system, when the application for issuance of the approval for connection is submitted because of the disconnection from the system,

(2) The connection costs in the stated special cases are determined in a following way:

- a) In a case of approval of change of the maximum approved capacity at the connection place, the connection costs are determined pursuant to the additional real costs required by such a connection.
- b) In a case of approval of the structure connection when the application for the approval issuance for connection is submitted due to disconnection of the structure from the system, the connection costs are determined according to additional real costs required by such a connection, except in a case of disconnection which is the result of the non-authorized connection of the internal gas installations to the transport or distribution system or use of gas without approval for connection, when the costs are determined in a way prescribed by this methodology for calculation of the connection costs of the structure which is connected to the system for the first time.

PART THREE - TARIFF PROCEEDING

Article 53

(Tariff proceeding conduct)

(1) RERS conducts the tariff proceeding and makes decisions in a way prescribed by this Rule and Rule on public hearings and settlement of disputes and complaints.

(2) For the purposes of the protecting interests of the system user and fair conduct of the proceedings, the tariff proceedings, before RERS, are public.

(3) The energy undertaking is entitled to protection of confidential information pursuant to provisions of the Rule on confidential information.

Article 54
(Initiating the tariff proceeding)

(1) The tariff proceeding is initiated by submitting the application for the tariffs approval by the regulated company or on the initiative of RERS.

(2) The application referred to in the previous paragraph may be related to the complete or partial change of the tariff rates.

(3) The application for approval of tariff rates is submitted in a prescribed form signed by the person authorized for representation and verified by the stamp of the applicant, along with the statement of the signatory that the data and statements in the application are true and correct.

(4) On behalf of the applicant, the application may be submitted by its authorized person.

(5) The applicant also submits filled in forms with technical and financial data in the form and with the content prescribed by RERS, and reports, calculations, studies and other documents and evidences which support the statements in its application.

(6) The burden of proof in the tariff proceeding is on the applicant.

Article 55
(Representation in the tariff proceeding and collective application)

(1) One or more energy undertaking may appoint a physical or legal person to prepare the application and represent them in the tariff proceeding.

(2) Licensees for the same activity in RS may submit a common - collective application to RERS for the tariffs approval.

(3) In the application, as referred in paragraph (2) of this Article, the applicant is obliged to separately submit, for each regulated energy company, to RERS prescribed appendices and documents, based on which RERS may determine the justified costs for regulated activities and revenue requirement for each regulated energy undertaking which the common application is submitted for.

Article 56

(Prescribed forms with technical and financial data)

(1) Basic technical data include the data on technical parameters of the facility and their value, including data on technical characteristics of all facilities and equipment which serve for realization of the regulated activities and are submitted regularly and in a way and form prescribed by the license requirements.

(2) Financial data are related to conditions and business changes regarding realization of the regulated activity of the energy undertaking, expressed in the financial reports and other evidences, which are kept and presented pursuant to the provisions of Article 24 and Article 33 of the Gas law.

Article 57

(Independent audit liability)

(1) The regulated energy undertaking is obliged to provide for the opinion of the independent auditor on accuracy and reliability of data presented in the financial reports, for each business year for which the financial data are provided in the tariff proceeding.

(2) Regardless of the property and form of organization, the energy undertaking is obliged to keep accounts and evidences, to prepare, make and publish financial reports and provide for their audit pursuant to provisions of the Law on accounting and auditing and the Law on utilities.

(3) The energy undertaking which performs two or more regulated activities and company which, apart from those regulated performs other activities, is obliged to provide for the independent auditor opinion on the realized allocation of assets, liabilities, revenues and expenditures on segments of the accounting-unbundled activities.

Article 58

(Supporting documents)

The applicant, along with the filled in forms with financial data, submits the supporting documents of the test year and plan which comprises:

- a) set of the financial reports including the Balance sheet, Profit and Loss statement, Cash flow report, report on changes of the capital, tax balance,
- b) Gross balance and register of the fixed assets,
- c) Report on operation for the test year,
- d) Independent auditor report, which necessarily contains data referred to in the previous Article, paragraph 2 and 3 of this Rule,
- e) power balance for the next three years and realization of the power balance for the previous three years,
- f) business plan for the next three years,
- g) detailed investment plans for projects for the next three years,
- h) long-term development plan for at least 5 next years;

Article 59

(Completeness and correctness of the application)

- (1) RERS reviews the submitted application in order to confirm that it is complete, which the applicant is informed about in writing.
- (2) The application is considered complete when all prescribed forms and documents are submitted along with the document, when the applicant confirms under penalty the statement on accuracy and validity of the submitted data and when the applicant paid the prescribed one-off regulatory fee for the application processing.
- (3) The application is considered correct when the data stated in the application are correct and mutually harmonized and documented, founded and consistent with the data stated in the forms which are submitted along with the application and supporting documents.

Article 60

(Amendment of the application)

- (1) If the application is not correct or complete, the applicant is requested to, within the deadline prescribed by RERS in the form of written notice, removes failures or submits the additional documents and information.
- (2) If the applicant does not fill in properly or correct its application within the prescribed deadlines, RERS makes conclusion on the rejection of the application.

Article 61

(The actions taken per completion of the application)

- (1) The tariff proceeding, initiated at the request of the regulated energy undertaking, starts when RERS confirms that the application for the tariffs approval meets all formal and procedural requests prescribed by this Rule and confirms that it is complete and correct.

- (2) Having determined that the application is full and correct, RERS informs the public on the application submitted and tariff proceeding pursuant to provisions of the Rule on public hearing and settlement of disputes and complaints.

Article 62

(Notice on the submitted application for the tariffs approval)

- (1) The energy undertaking which submits the application for the tariffs approval shall submit separate notices on the submitted application to all of its customers in the same way and using the same means which it uses for the invoice submission.
- (2) The notice referred to in paragraph 1 of this Article contains:
 - a) the amount of the proposed change of the tariff,
 - b) percentage of the proposed change of the tariff for each category of consumption and group of customers,
 - c) proposed effective date of the proposed change of the tariff,
 - d) right of the user/customer to ask for information related to the current and proposed tariff,
 - e) right of the user/customer to take part in the open and correct hearing before RERS;

Article 63

(Estimate of the data)

- (1) If the applicant for the tariffs approval does not possess all requested data or does not possess all necessary documents and evidences which its application is based on, the applicant may submit the estimate of missing data, with an explanation in which the used sources are stated, the method of work and other facts which are important for the proceeding.
- (2) In a case when RERS disputes validity of the data estimated pursuant to paragraph (1) of this Article, RERS may order development of the estimate from the eligible appraiser, while the costs of such estimate are borne by the applicant.
- (3) In case of the correction of prices referred to in Article 44 paragraph 2 of this Rule, RERS gives its consent to the correction of price in a shortened proceeding based on the documents proving the change of the average procurement price.

Article 64

(Additional data and facts)

- (1) During the tariff proceeding, RERS is entitled to ask for additional data and information which are important for determination of the tariff for services in the natural gas sector.

- (2) The applicant is obliged to submit data and information and cooperate with RERS, and at the request of RERS, to submit for inspection all requested data and facts which it has on disposal.
- (3) In a case that the regulated energy company, within the prescribed deadline, does not submit the requested data and documents, RERS may terminate the tariff proceeding.

Article 65
(One-off regulatory fee)

In order to initiate the tariff proceeding, the applicant pays one-off regulatory fee for the application processing to RERS in the amount determined by a special RERS decision.

Article 66
(Initiating the tariff proceeding on the RERS initiative)

- (1) In the tariff proceeding which is led on the initiative of RERS, the regulated energy undertakings are obliged to submit to RERS, within the deadline prescribed by RERS, filled in form of the application, prescribed forms with technical and financial data which are submitted along with the application, the prescribed supporting documents, as well as other requested documents, data and information.
- (2) If the regulated company does not act as ordered by RERS referred to in paragraph 1 of this Article, RERS is entitled to estimate data which should be submitted by the regulated energy undertaking, respecting the principle of prudence in a way that the costs are recognized at lower value, or to make decision according to the available data.
- (3) Costs which occurred due to failure to act of the regulated energy undertaking referred to in paragraph 1 of this Article shall be on the burden of that regulated undertaking.

Article 67
(Discretion right of RERS)

Discretion right and competence of RERS is to:

- a) Consider and verify all costs and revenues submitted as the base of the proposed tariffs and to accept, reject in total or partly, or re-formulate any item which was not justified,
- b) Consider and verify all assets which were proposed to be a part of the regulatory base and to accept, reject in total or partly or re-formulate the value of any of the assets,

- c) Accept, reject in total or partly or re-formulate each amount or analysis used for calculation of the proposed tariff,
- d) Accept the proposed tariff design or adjust it in a appropriate way.

Article 68
(Public hearings)

- (1) In the tariff proceeding, it is organized one public hearing which enables the applicant and other participants to the proceeding to prove their statements and present and document facts which are important for the proceeding which is being conducted.
- (2) Other interested persons that did not get the status of the participants to the proceeding are entitled to submit comments in all phases of the proceeding, which may be taken into consideration pursuant to the procedural rules of RERS.

Article 69
(Recommendation of the presiding officer of the public hearing)

- (1) Upon completion of the public hearing proceeding, the presiding officer prepares the report with recommendation which is submitted to all participants to the proceeding and published on the website of RERS;
- (2) In its regular session, RERS analyzes the report with the recommendation of presiding officer, comments and proposal on the report of the participants to the proceeding and other interested persons and makes decision on the application which determines as follows:
 - a) the application is founded and documented, and gives consent on the proposed tariffs or,
 - b) the application is not founded, and being like that is rejected or,
 - c) the application is partly founded and/or documented, so the applicant is advised to make certain adjustments in the proposed tariffs in order to obtain the consent on the amended application in the same proceeding;

Article 70
(Publication and application of the tariff)

- (1) In the RERS Decision on giving consent on tariffs, it is stated the effective date and the commencement of application of the tariffs.
- (2) Applicant publishes RERS decision with the approved tariffs in the "Official Gazette of Republic of Srpska" at the webpage and notice board.

Article 71
(Procedure related to determination of the connection fee)

- (1) The energy undertaking shall make the decision on the amount of the connection costs, consisted of determination of norms and unit prices based on which it is determined the amount of the connection costs and unit costs for determination of a part of the system costs, within 60 days from the day this methodology was published in the "Official Gazette of Republic of Srpska". The decision on the amount of costs should also contain a detailed structure of the established norms and amounts of the costs separately, per each of the elements determined by this methodology (regarding types of devices, equipment, material, works, project development, obtaining of documents and creation of other conditions for the connection construction).
- (2) The copy of the documents should be submitted by the energy undertakings to RERS with the explained estimate of the established norms and costs, before the connection costs application is applied pursuant to this methodology.
- (3) The energy undertaking, based on the principles of transparency and non-discrimination, provides the applicants for connection with inspection in the documents based on which it is determined the connection costs, and the amount and method of determination of those costs.
- (4) The amount of the connection costs is determined, as a rule, once a year, whereby, it may be corrected during the year, in a case of increase of the retail price for more than 10% according to the published data of the institution in charge of the statistics, for the period from the decision on determination of the amount of the connection costs is made until the correction of the amount of those costs.
- (5) The amount of the unit cost is determined once a year.

PART FOUR - TRANSITIONAL AND FINAL PROVISIONS

Article 72 (The first tariff proceeding)

The energy undertakings, which carry out the activity of transport, distribution and supply of end users in Republic of Srpska with natural gas, in the moment when this Rule becomes effective, are obliged to within 90 days from the date this Rule is published submit to RERS an application for approval of prices and tariffs.

Article 73 (Improvement of the tariff methodology)

RERS keeps the right to harmonize the tariff methodology defined by this Rule with the achieved level of development of the natural gas sector and market liberalization, and that the tariff system for the price calculation for access and use of the system for transport, distribution, storage and supply of natural gas for the next tariff periods is

determined in another way, appropriate to the level of development of the gas sector and level of the gas market opening.

Article 74
(Appendices)

An integral part of this Rule is the forms as follows:

- OB.03.11.D - Application for approval of tariff rates for use of the natural gas distribution system in RS,
- OB.03.11.T - Application for approval of tariff rates for use of the natural gas transport system in RS,
- OB.03.11.S - Application for approval of tariff rates for supply of tariff customers with natural gas in RS,
- OB.03.11.O - Application for approval of tariff rates for transport system operator of natural gas in RS;

Article 75
(Technical data accompanying the application)

(1) Until RERS prescribes the content and form of the report with technical and financial data for reporting to RERS, the application for approval of tariff rates is accompanied by the forms with technical and financial data prescribed by this Rule and submitted by the applicant.

(2) The application for approval of tariff rates for use of distribution system is accompanied by technical and energy data in the following forms:

- 1.PG.T-D- Taking over and distribution of natural gas,
- 2.PG.T-D- Categories of the distribution system users,
- 3.PG.T-D- Revenue from the distribution system users;

(3) The application for approval of tariff rates for use of the transport system is accompanied by technical data in the forms:

- 1.PG.T-T- Taking over and transport of natural gas,
- 2.PG.T-T- Calculation of the natural gas transport revenue,
- 3.PG.T-T- The level of use of the natural gas transport capacity,
- 4.PG.T-T- Maximum daily consumption and coefficients of concurrency,
- 5.PG.T-T- Maximum extracted daily consumption of DS users per months;

(4) The application for approval of tariff rates for supply of tariff customers with natural gas is accompanied by the technical data in the forms:

- 1.PG.T-S- Supply of tariff customers,
- 2.PG.T-S- Revenue from supply of tariff customers,

- 3.PG.T-S- Overview of consumption of natural gas per volume and average price;

(5) The application for approval of tariff rates for the transport system operator of natural gas is accompanied by the technical data in the form:

- 1.PG.T-O- Taking over and delivery of natural gas

Article 76

(Financial data accompanying the application)

(1) The applications for approval of tariff rates referred to in Article 74 of this Rule are accompanied by the financial data in the forms in appendix:

- Form 1.0-PG.F - Revenues and expenditures of the company, allocated on the activities,
- Form 1.1-PG.F - Data on revenue requirement resulting from realization of activities in the test year,
- Form 1.2-PG.F- Revenue requirement for realization of the activity in the tariff application period, for each year of the tariff period,
- Form 2.3-PG.F- Planned investments in the fixed assets - per structures,
- Form 2.4-PG.F- Realization of investments in the fixed assets - per projects,
- Form 3.0-PG.F- Calculation of return on invested capital for realization of activities

(2) Apart from forms referred to in paragraph 1 of this Article, the application for approval of tariff rates is accompanied by the financial data with the content which corresponds to the content of forms prescribed by Article 10, paragraph 3 of the Rule on reporting ("Official Gazette of Republic of Srpska", number 61/07), taking into account that the fixed assets in the form referred to in line a), b), c), g) and d) of this Article are divided into groups of assets for realization of the activities in the natural gas sector , as follows:

- a) Fixed assets for realization of activities,
- b) Value of fixed assets - recognized values,
- c) Plan and realization of the plan of fixed assets maintenance,
- d) Realization of the investment plans,
- e) Long term investment program,
- f) Required working capital for realization of the activities,
- g) Structure of the capital for the operation financing,
- h) The price of borrowed capital,
- i) Costs of operation

(3) The application for approval of tariff rates for supply of tariff customers with natural gas are not accompanied by the forms stated in the lines c), d) and e), paragraph 1 of this Article.

Article 77
(Interpretation)

- (1) Interpretation of provisions of this Rule is given by RERS.
- (2) Amendments of the Rule are made applying the procedure which was valid for its making.

Article 78
(Effective date)

This Rule becomes effective on the eighth day from the day it is published in the "Official Gazette of Republic of Srpska".

Number

RERS president

Milenko Cokorilo

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