

Pursuant to Article 13 paragraph 1 of the Law on Energy (Official Gazette of Republic of Srpska number 49/09), Article 56 paragraph 1 of the Law on Electricity (Official Gazette of Republic of Srpska number 8/08, 34/09, 92/09 and 1/11), Article 14 of the Gas Law ("Official Gazette of Republic of Srpska" number 86/07 and 121/12), Article 9 paragraph 2, point d) and g) of the Law on oil and oil derivatives (Official Gazette of Republic of Srpska number 36/09 and 102/12) and Article 18 of the Statute of the Regulatory Commission for Energy of Republic of Srpska (Official Gazette of Republic of Srpska number - Cleaned text, 06/10), Regulatory Commission for Energy of Republic of Srpska in its 66th regular session, held on 10th July 2013 made

RULE BOOK ON ISSUANCE OF LICENSES (clean text)

PART I - GENERAL PROVISIONS

Article 1 (Subject)

(1) Rule book on issuance of licenses (hereinafter Rule book) prescribed the proceedings for the license issuance, extension, amendment of the license, transfer, cancellation and revocation of the license for doing electric power activities and construction of the electric power structures, criteria for issuance, license requirements, types, contents and license validity period as well as the method of keeping register of the issued and revoked licenses and their monitoring.

(2) The procedure for the license issuance is transparent and carried out in accordance with the objective and transparent criteria in a non-discriminatory way.

(3) Regulatory Commission for Energy of Republic of Srpska (hereinafter: Regulatory Commission) shall be obliged to consult about the terms and conditions of each license before the license issuance and invite all interested parties to comment on the draft Rule book through the process of the public hearing and/or to submit the comments in writing to be considered by the Regulatory Commission.

Article 2 (The aim of making)

The aim of making this Rule Book is to provide efficiency and cost-effectiveness in the process of the license issuance, to establish uniform criteria and make fair decision per the application and to prescribe the license requirements.

Article 3

(Definitions and acronyms)

(Definitions)

Terms which are used in this Rule, in a sense of provisions of this Rule, shall have the following meaning:

"Force majeure" shall mean each situation that does not depend on the licensee and that cannot be controlled and therefore the activities referred to in the license cannot be performed (weather disasters, wars and similar);

"Presiding Officer" shall mean a person appointed by the Regulatory Commission who is authorized to convene the proceeding in the public hearings and make the report for recommendation for making a decision;

"Distribution" shall mean the transmission of electricity through the distribution systems of the middle and low voltage with the aim of delivering it to the customers; i.e. transmission of natural gas through local or regional pipeline networks in order to deliver it to customers, but excluding supply;

"The license for construction" shall mean any document issued by REGULATORY COMMISSION, which entitles a legal or physical person to carry out the construction of a new or a large-scale reconstruction of the existing electric power structure for generation of electricity;

"Energy activity" is meant by generation of electricity, distribution of electricity, electricity supply, trade of electricity, production of oil derivatives, transport of oil through oil pipelines and oil derivatives through the product pipelines, storage of oil and oil derivatives, generation of natural gas, transport of natural gas, transport system control of natural gas, storage and control of the system for natural gas storage, natural gas distribution and distribution system control for natural gas, natural gas supply and trade of natural gas;

"Energy" is meant by a form of energy which is available as commercial goods, such as electricity, heat energy, natural gas, oil and oil derivatives and bio-fuel;

"Law" is meant by the Law on energy, Law on electricity, Gas law, Law on oil and oil derivatives and Law on renewable energy sources and efficient co-generation;

"Large-scale reconstruction" shall mean the reconstruction works at the existing facilities for generation of electricity which implies modification of the capacity of that structure;

"Construction" shall mean the construction of new electric power facilities;

"Public hearing" shall mean any hearing organized by REGULATORY COMMISSION pursuant to the Rule book on public hearing and settlement of disputes and complaints;

"Public (supplier of last resort)" shall mean the supplier that, pursuant to the regulations was determined to undertake the responsibility for supply with electricity and natural gas of certain group of customers that did not choose or remained without supplier;

"One-off regulatory fee" is the fee, determined by a special REGULATORY COMMISSION Decision, paid to REGULATORY COMMISSION while submitting the Application for the purposes of the application processing.

"Licensee" shall mean a legal or physical body that possesses the license for doing energy activity or the license for construction;

"Customer" shall mean a legal or physical entity that buys energy;

"Eligible customer" shall mean the end user who got the right to buy energy at its own choice pursuant to regulations regulating the energy market;

"Oil" is the mass of the hydrocarbon of natural origin which is being processed in order to get the oil derivatives;

"Oil pipeline" shall mean the system of pipelines and other structures necessary for transport of oil;

"Non-eligible customer" (tariff) customer" shall mean the user who buys energy for his own needs in a regulated way and at regulated prices and who did not get the right to buy energy at his own discretion;

"Public service obligation" shall mean the obligation of energy undertaking to do some energy activities as public service obligation which is available to all customers and energy undertakings at certain area, at the prescribed prices and under the regulated conditions for access and use of the service, complying with safety, including security of supply, regularity and quality of service, energy use efficiency, protection of environment and prevention of climate changes carried out pursuant to the principles of transparency of work accompanied by monitoring done by the entities determined by the law;

"Distribution system operator for electricity (distributor)" shall mean a legal entity responsible for operation, maintenance and development of distribution system for electricity at certain area, including connection with other systems, for the purposes of the long term system capability to meet reasonable requirements for distribution of electricity;

"Distribution system operator for natural gas" is a legal entity dealing with the distribution network control for natural gas, in charge of operation, maintenance and development of the transport network and possibly its interconnections with other networks and for insurance of the long term network capacity to meet the gas distribution requirements;

"Natural gas storage operator" shall mean legal entity dealing with storage and is in charge of the storage operation;

"Natural gas transport system operator" shall mean a legal entity dealing with the transport system control on the territory of Republic of Srpska, responsible for development and interconnections with other networks and for insurance of the long term network capability to meet the needs required for the gas transport on the territory of Republic of Srpska;

"General conditions for delivery and supply of electricity" shall mean the by-law made by REGULATORY COMMISSION, which regulates delivery and supply with electricity, connection of the electric power structures of end users to the network and other relations between licensees, as well as licensees and end users, including licensees for generation of electricity which structures are connected to distribution network;

"General conditions for the natural gas supply" shall mean the documents made by the natural gas suppliers which REGULATORY COMMISSION gives its consent to, and which regulates: the way the customers are supplied with natural gas, rights and obligations of suppliers and customers of natural gas, proceedings in case of irregular realization or failure to realize the contracted obligations of the customer;

"Applicant" shall mean a legal or physical entity that submits an application to REGULATORY COMMISSION for issuance of the license for energy activities or application for issuance of the construction license;

"Rules of operation" shall mean the by-law, with the consent of REGULATORY COMMISSION, made by the transport system operator, namely distribution system operator for natural gas, which particularly regulates the rules on access and use of network, rules on connection, method for settlement of disputes regarding the capacity congestion, the proceeding in case of regular and emergency maintenance of the network, conditions of suspension, limit or termination of delivery in case of emergency, method of offering ancillary services, irregular realization or lack of realization of the contracted duties by the customers, functional requests, class of accuracy of the metering devices and method of metering natural gas;

"Product pipeline" shall mean the system of pipelines and other structures necessary for transport of oil derivatives;

"Production of the oil derivatives" shall mean the process of oil treatments, for the purposes of obtaining liquid or gaseous products-oil derivatives, including the liquified oil gas;

"Generation of energy" shall mean the physical or chemical process of treatment of the energy sources or renewable energy sources in electric, heat or other forms of energy;

"Generator" in a sense of this Rule shall mean a legal or physical person organized pursuant to the law, that possesses license for generation of electricity, natural gas or oil derivatives;

"Regulatory Fee" shall mean the annual amount of money which the Licensee pays to REGULATORY COMMISSION, determined by the special Decision of REGULATORY COMMISSION on the basis of the REGULATORY COMMISSION budget adopted by the Parliament of Republic of Srpska;

"Safety of supply" is meant by the capability of the energy system to provide end users with energy of defined level of continuity and quality, in a sustainable way and pursuant to the existing standards and contracted arrangements;

"Storage of oil and oil derivatives" in a sense of this Rule is meant by the storage and keeping of oil and/or oil derivatives in a prescribed way in special premises, unless the storage is done purely for one's own needs;

"Natural gas storing" shall mean natural gas storing in the storage of natural gas ordered by the energy undertaking or eligible customer of natural gas;

"Natural gas storage" shall mean the facility used for storage of natural gas, owned or controlled by the energy undertaking including a part of the facility for the liquefied natural gas but excluding the part which is used for generation or used only by the the transport system operator for doing their function;

"Supply with electricity" shall mean sale, including the resale of electricity to customers;

"Supply with natural gas" shall mean procurement, sale and trade of natural gas and liquefied natural gas for,

"Supply of tariff customers" shall mean the sale of electricity or gas to customers who buy electricity or natural gas for their own needs at the regulated tariffs and conditions;

"Supplier" shall mean legal or physical person that carries out the activity of supply with electricity and natural gas;

"Natural gas transporter" is a legal person doing the transport, responsible for operation, maintenance and in cooperation with the transport system operator, development of the transport system at a certain area;

"Transport of oil derivatives through the oil product pipelines" shall mean transport of oil derivatives through the pipeline, for the purposes of delivering oil derivatives to other transporters, storage or customers, ordered by the transport ordering party;

"Transport of oil" shall mean transport of oil through the oil pipelines and other forms of transport;

"Transport of oil through the oil pipelines" shall mean the transport of oil through the pipeline under the pressure for the purposes of delivery to other oil derivatives transporters or generator of oil derivatives, as ordered by the party ordering transport;

"Transport of natural gas" shall mean transport of natural gas through the pipeline network under high pressure, apart from the part of the pipeline which is primarily used for distribution in order to deliver natural gas customers but does not include supply;

"Trader" shall mean a legal or physical person which deals with the trade of electricity or natural gas;

"Trade" shall mean purchase and sale of electricity, i.e. purchase for the purposes of further sale and sale of natural gas at the free market to energy undertakings or eligible customers;

"Intervener" shall mean an interested person who has special interest to participate in the proceeding, and who was granted the right of Intervener by the REGULATORY COMMISSION in the proceeding before REGULATORY COMMISSION;

Other terms used in this Rule, and not stated in this Article, shall have the meaning defined by the Law.

(Abbreviations)

REGULATORY COMMISSION	Regulatory Commission for Energy of Republic of Srpska (Regulator)
SERC	State Regulatory Commission for electricity of Bosnia and Herzegovina
FERC	Regulatory Commission for electricity in BiH Federation
BOS	Balance responsible party
NOS	Independent system operator in Bosnia and Herzegovina

Article 4 (Obligation to have the license)

(1) Any legal or physical person is obliged to, before starting with energy activity, obtain the license for doing energy activity pursuant to the law which regulates doing certain energy activity and this Rule.

(2) Any legal or physical person is obliged to obtain the license for construction of the electric power facility by REGULATORY COMMISSION before starting construction or large-scale reconstruction.

Article 5
(Types of licenses)

(1) In the electric power sector, REGULATORY COMMISSION issues the following licenses:

- (a) License for generation of electricity in the hydro electric power plants, thermal power plants, thermal power plants with integrated mines and other plants the capacity of which is more than 1 MW;
- (b) License for distribution of electricity, for the purposes of delivery of electricity at the middle-voltage and low-voltage network to the customers of electricity;
- (c) License for supply of the tariff customers with electricity;
- (d) License for the electricity trade and supply on the territory of Bosnia and Herzegovina;
- (e) License for construction of electric power structure, the capacity of which is more than 1 MW;

(2) In the natural gas sector, REGULATORY COMMISSION issues the following licenses:

- (a) License for the natural gas generation,
- (b) License for control of the system for natural gas transport,
- (c) License for the natural gas transport,
- (d) License for distribution and control of the system for the natural gas distribution,
- (e) License for storage and control of the system for the natural gas storage,
- (f) License for supply of tariff customers with natural gas,
- (g) License for trade and supply with natural gas;

(3) In the sector of oil and oil derivatives, REGULATORY COMMISSION issues the following licenses:

- a) license for production of the oil derivatives,
- b) license for transport of oil through the oil pipelines,
- c) license for transport of oil derivatives through the product pipelines,
- d) license for storage of oil and oil derivatives.

Article 6
(License validity period)

(1) Licenses shall be issued for a certain period as follows:

- a) Up to 30 years for generation and distribution of electricity;
- b) Up to five year for supply of tariff customers with electricity and trade and supply of electricity on the territory of Bosnia and Herzegovina,
- c) Up to six years for construction of the electric power facilities,
- d) Up to 10 years for production of natural gas, transport system control for natural gas, natural gas transport, distribution and control of the system for natural gas distribution, storage and control of the system for natural

- gas storage, supply of tariff customers with natural gas and trade and supply with natural gas,
- e) From five to 30 years for generation of the oil derivatives, transport of oil through oil pipelines, transport of oil derivatives through the product pipelines and storage of oil and oil derivatives.

PART II: THE LICENSE ISSUANCE PROCEDURE

Article 7 (The proceedings initiating)

- (1) The license issuance procedure for doing electric power activities or issuance of the license for construction of the electric power facilities is initiated by the applicant.
- (2) The applicant may be a legal or physical person registered at the appropriate register.
- (3) Any legal or physical person that intends to do several energy activities is obliged to submit an application for issuance of the license for each of those activities respectively.

Article 8 (Application forms)

- (1) The application for the license issuance is submitted in a form prescribed by REGULATORY COMMISSION which integral part is a list of necessary documents available in the premises and on the website of REGULATORY COMMISSION.
- (2) Forms of Applications for issuance of the licenses are as follows.
- a) Form OB. 04.01 - License application for the electricity generation,
 - b) Form OB. 04.02 - License application for the electricity distribution,
 - c) Form OB.04.03 - License application for supply of the tariff customers with electricity,
 - d) Form OB. 04.04 - License application for the electricity trade and supply on the territory of Bosnia and Herzegovina,
 - e) Form OB. 04.05 - License application for construction of the electric power facilities,
 - f) Form OB. 04.06 - License application for generation of natural gas,
 - g) Form OB.04.07 - License application for control of the natural gas transport system,
 - i) Form OB. 04.08 - License application for the transport of natural gas,
 - j) Form OB.04.09 - License application for distribution and control of the system for distribution of natural gas,
 - k) Form OB.04.10 - License application for storage and control of the system for storage of natural gas,
 - l) Form OB.04.11 - License application for supply of tariff customers with natural gas,
 - m) Form OB.04.12 - License application for trade and supply of natural gas,

- n) Form OB.04.13 - License application for production of oil derivatives
- o) Form OB.04.14 - License application for transport of oil through the oil pipelines,
- p) Form OB.04.15 - License application for transport of oil derivatives through the product pipelines,
- q) Form OB.04.16 - License application for storage of oil and oil derivatives,
- r) Form OB.04.17 - Application for the license amendment,
- s) Form OB.04.18 - Application for the license transfer,
- t) Form OB.04.19 - Application for the license revocation

(3) Forms of the statement enclosed to the license application form:

- a) Form OB.04.20 - Statement on acceptance of the amount and timetable of payment of the regulatory fee,
- b) Form OB.04.21 - Statement on accuracy and validity of the submitted data;

Article 9

(Filling in and submission of the application)

- (1) The application submission for the license issuance is meant by submission of the filled in application forms for issuance of the license with accompanying documents in a written and electronic form at the address of REGULATORY COMMISSION directly or by mail.
- (2) Filled in form of application for the license issuance with the complete accompanying documents should be verified and signed by the applicant, namely its legal representative or authorized representative.
- (3) The accompanying documents are consisted of the statements and evidences stated in the Application Form, used by the applicant to confirm the statements referred to in the application.
- (4) The accompanying documents are enclosed in original or in verified copy.

Article 10

(Regulatory fee)

- (1) The amount of regulatory fee shall be determined by a special decision of REGULATORY COMMISSION for each year, pursuant to the REGULATORY COMMISSION budget adopted by the National Assembly of Republic of Srpska.
- (2) Regulatory fee shall be paid by Licensee to REGULATORY COMMISSION during the license validity period.
- (3) One-off regulatory fee for the application treatment, determined by REGULATORY COMMISSION special decision, is paid while submitting the application for the license issuance whereby the evidence on payment is enclosed to the application.

Article 11
(Application processing)

- (1) REGULATORY COMMISSION shall take the application into consideration pursuant to the criteria prescribed by this Rule, taking into account general interest, reliability and safety of supply with electricity and natural gas and oil and oil derivatives.
- (2) REGULATORY COMMISSION shall include in the license all necessary conditions which are required to provide for accomplishment of objectives of the law and this rule.

Article 12
(Confirmation of completion of Application)

- (1) Once it is received, the application for the license issuance and supporting documents shall be analyzed by REGULATORY COMMISSION and it shall be formally determined to be complete.
- (2) The application is formally complete when all requested documents together with the application are submitted and when one-off regulatory fee for the application processing is paid.

Article 13
(Application amendment)

- (1) If the application for the license issuance contains some failure which prevents proper action per the application, the Applicant is informed, by REGULATORY COMMISSION, in writing on the failure and determined the period of 30 days to eliminate all failures and the applicant is warned about consequences in case of failure and non-removal of failures information.
- (2) The applicant is obliged to cooperate with the Regulatory Commission and submit it the prescribed or requested data and information within the defined term.
- (3) If the applicant does not act pursuant to paragraph (1) of this Article,, REGULATORY COMMISSION makes conclusion to reject such an application.
- (4) If, in the licensing procedure, there is a question which makes independent legal unit that cannot be decided on the application for licensing without the solving of that unit and which the court or some other entity is responsible for, REGULATORY COMMISSION may, address such an issue by itself or terminate the procedure by the conclusion until the responsible entity solve such an issue.
- (5) REGULATORY COMMISSION may, once the application is complete, and during the licensing process ask for additional information and documents if it necessary for making decision per the application for the license issuance

Article 14
(Giving up application)

- (1) The applicant for the license issuance may give its application up during the whole proceedings if he does not intend to do the energy activity or if there are facts or circumstances that point out that the applicant is not needed to do the energy activity
- (2) If the applicant gives the application up, REGULATORY COMMISSION shall make the conclusion to terminate the proceedings.
- (3) The applicant is not entitled to return of the paid one-off regulatory fee if he gives the application up.

Article 15 (Notice for the public)

- (1) Once it is confirmed that the Application is formally complete, REGULATORY COMMISSION shall inform the applicant and publish a brief public notice in at least one daily newspaper available at the whole territory of Republic of Srpska, at the notice board and REGULATORY COMMISSION website.
- (2) The public notice shall contain summary of the license application, the way interested persons may get additional information, location and terms of making the documents available, method and terms for submission of the comments on the application in writing, and information related to getting a status of intervener.
- (3) The public cannot have the access to information which is protected, at the request of the applicant, by the confidentiality clause pursuant to provisions of the Rule on confidential information.

Article 16 (Review of the license)

- (1) REGULATORY COMMISSION may check all data and if necessary make an inspection of the facilities, structures and equipment of the applicant in order to determine the facts on the criteria fulfilment as well as the conditions prescribed for the license issuance.
- (2) Inspection may be carried out in any phase from the moment of the application submission till final decision on the application is made.
- (3) If the applicant does not enable the checking or inspection referred to in paragraph (1) of this Rule, REGULATORY COMMISSION rejects the application for the license issuance.

Article 17 (Draft license, publication and comments)

- (1) Having confirmed the application is complete, REGULATORY COMMISSION shall analyze the application regarding the criteria fulfilment for the license issuance.
- (2) Having analyzed the application for the license issuance, namely analyses of the submitted documents and possibly obtained comments on the

- application, the professional teams of REGULATORY COMMISSION prepares draft license or some other decision on the application.
- (3) REGULATORY COMMISSION determines the draft license or makes some other decision on the application in its regular session.
 - (4) If the draft license is determined, REGULATORY COMMISSION makes conclusion on holding at least one public hearing on the draft license stating the location and time of the holding, provisions related to appointment of the presiding officer and his deputy, and deadline for submission of comments on the draft license and submission of the application for getting a status of intervener.
 - (5) Presiding Officer is authorized to go one with the procedure till decision proposal on the application is made, with a possibility of asking additional consultations when necessary.
 - (6) REGULATORY COMMISSION shall publish the draft license and conclusion on holding a public hearing at its notice board and REGULATORY COMMISSION website and submits them to the applicant.
 - (7) REGULATORY COMMISSION shall publish the public notice stating basic information on the draft license, holding a public hearing, method and term for submission of comments on the draft license as well as information related to getting a status of intervener to the proceeding at least in one daily newspaper which are available on the whole territory of Republic of Srpska, its notice board and REGULATORY COMMISSION website.

Article 18 **(Getting a status of intervener)**

- (1) Application for getting a status of intervener in the proceeding related to the license issuance may be submitted to REGULATORY COMMISSION by stakeholders in the period from the application completing process till the expiry of deadline for submission of comments in writing on the draft license.
- (2) Stakeholders are informed about the possibility to get a status of intervener through the public notice on the application completeness referred to in Article 15 and public notice on determination of the draft license and making conclusion on holding a public hearing referred to in paragraphs (4) and (7) of Article 17.
- (3) The status of intervener may get any legal or physical person which explains in its application that it has a special (own, direct) interest, to take part in the proceeding, and that it possesses data, facts or evidences which are of importance for deciding on the application for the license issuance.
- (4) REGULATORY COMMISSION shall make decision on the application for getting a status of intervener in the regular session.

Article 19 **(Public hearing)**

(1) REGULATORY COMMISSION shall decide on the type, number and place of the public hearing to be held, estimating the submitted comments, a possible application for getting a status of intervener and evidences supporting such an application, the impact of realization of the activities which the license is issued for on the local community and other pieces of information on possible disputable issues.

(2) REGULATORY COMMISSION may organize a general, technical and formal hearing in the proceeding related to the license issuance pursuant to the Rule on public hearings and settlement of disputes and complaints.

(3) In the proceeding related to the license issuance, the formal hearing is held for the purposes of proving or investigating, everything in order to make a fair decision on the application.

Article 20 (License requirements proposal)

(1) Upon expiry of the deadline prescribed for submission of the comments on the draft license, the presiding officer makes a report from the public hearing and treats comments on the draft license in consultation with Chief of Staff and sectors of REGULATORY COMMISSION with the proposal for their acceptance or refusal and make the license requirements proposal.

(2) The acts referred to in paragraph (1) of this Article is submitted by the presiding officer to the applicant and intervener and gives them a reasonable period of time for making comments in writing

(3) Upon expiry of the deadline referred to in paragraph (2) of this Article, presiding officer prepares Decision Proposal on the application for the license issuance which, along with the acts referred to in paragraph (1) and possible received comments referred to in paragraph (2) of this Article is submitted to members of REGULATORY COMMISSION for deciding.

Article 21 (Decision on the license issuance)

(1) Final decision on the license issuance is made by REGULATORY COMMISSION in the regular session as Decision, which integral part comprises the license issued and license requirements, and no later than 60 days from the date the submitted application is complete.

(2) Final decision on the license issuance is made by REGULATORY COMMISSION if the criteria for the license issuance are made on the basis of the submitted license proposal, presiding officer report and submitted comments.

(3) The license becomes effective on the day determined in the Decision on the license issuance.

(4) Decision on the license issuance is submitted to the applicant and intervener, and it is published at the notice board and website of REGULATORY COMMISSION.

(5) Decision Rationale on the license issuance is published in the "Official Gazette of Republic of Srpska" with the remark in a way that the inspection can be done in the complete decision.

Article 22
(Decision on the application refusal)

- (1) REGULATORY COMMISSION shall refuse the application for the license issuance in the cases as follows:
- a) If the applicant does not prove the criteria fulfilment for the license issuance,
 - b) If the applicant is in process of its status changes, bankruptcy or liquidation, or if he was revoked the license for at least three months before submission of the application for the license issuance for doing the same activity,
 - c) If the applicant has the safety measure imposed to prevent him from doing some economic activity or protection measure from doing the activity on the basis of provisions of the Criminal law of Republic of Srpska, and Law on Crimes of Republic of Srpska,
 - d) If the Licensee, in the proceedings preceding the procedure for the issuance, amendment, extension or transfer of the license, gave false data based on which REGULATORY COMMISSION issued the previous license,
 - e) If the licensee did not pay the regulatory fee to REGULATORY COMMISSION for the previously issued license,
 - f) If it is about extension of the license, and the applicant in the previous period did not provide REGULATORY COMMISSION with required data based on the previously granted license,
 - g) If the applicant gave the requirements, prescribed in the previous license, up but requires the license extension.

(2) Decision on the application refusal for the license issuance is made by REGULATORY COMMISSION in the form of Ruling in the regular session.

**PART THREE - LICENSE FOR DOING ENERGY ACTIVITIES AND
CONSTRUCTION OF THE ELECTRIC POWER FACILITIES**

**CHAPTER I - LICENSES FOR DOING ACTIVITIES IN THE ELECTRIC POWER
SECTOR**

**PART A - Necessary documents supporting the Application for the
license issuance**

Article 23
(Common documents)

The Application for the license issuance to carry out the activities in the electric power sector is necessarily accompanied by the following documents:

- a) valid decision from the Court register or other respective register, with appendices,

- b) Number of the unique register or unique identification number of the applicant,
- c) Statute of the Applicant (legal persons),
- d) Organizational structure of the Applicant (organizational scheme), list of the employees following the qualification structure and statement of the applicant to have the qualified staff to carry out the requested electric power activities,
- e) Statement confirming that the applicant has structures, installation and equipment which may be used, put into operation for doing electric power activities or concluded contracts with other legal or physical persons which have impact on technical qualifications,
- f) Set of financial report for the previous three years containing as follows: Balance sheet, profit-and-loss statement, cash flow statement, report on changes on the capital and report certified by an independent auditor or the initial balance sheet for newly-created companies,
- g) Statement of the applicant and certificates of the business banks that the applicant has sufficient means on disposal or that he has possibility to obtain the credit from the bank or a possibility to obtain bank guarantees,
- h) Statement of the Applicant and certificates of the Business banks about all open transaction accounts of the Applicant and their status (possible freeze and volume of business) in the last month before the submission of application
- i) Annual or three-year plans of running a business of the applicant,
- j) Certificate of the competent body that the Applicant or his legal representative is not pronounced the safety measure or protective measure to forbid the activity or duty or the measure to forbid certain economic activity which it is requested the license issuance for,
- k) Statement of the applicant about the existing issued licenses or applications for licenses submitted to other Regulatory Commissions,
- l) Certificate of the respective court that the Applicant is not in bankruptcy, (except for distribution activity),
- m) Evidence on the payment of the one-off regulatory fee.

Article 24

(Additional document accompanying the application for generation of electricity)

The application for the license issuance for generation of electricity, apart from documents defined in Article 23, it is necessary to enclose the following documents:

- a) List of electric power structures and facilities and lists of the fixed assets regarding the requested activity, owned or used by the applicant,
- b) Schemes of the facility and one-line schemes of the facility with its surrounding,
- c) Technical parameters of the electric power facility and structures,
- d) Minutes and Decision of the competent authorities and review of the activities conducted on the basis of Decision issued by the competent body on

the technical regularity and safety of the facility, as well as fulfilment of standards of the environmental protection,

- e) Statement on intention to introduce or plan and program of introduction, namely statement on the introduced or a copy of the certificate on the introduced system of quality control (standard ISO 9001) and system of control of the environmental protection (standard ISO14001) in its business system,
- f) Statement or Certificate on insurance of equipment, if the equipment is covered by insurance,
- g) Evidence on nature of primary sources and their use for generation of electricity,
- h) Water management acts obtained pursuant to regulations,
- i) Environmental license obtained pursuant to regulations,
- j) Contract on connection to the distribution network and report on internal technical inspection of the connection and metering point, and/or contract on connection and approval for connection to the transmission network, for newly constructed generation facilities,
- k) Contracts related to generation of electricity (ISO, BOS, transmission company and distributor other than those stated under the point j) of this Article, traders and suppliers),
- l) Approval for using newly constructed generation facility or evidence that the proceedings for its obtaining is on, but approval for use should be submitted, in that case, before the license issuance.

Article 25

(Additional documents accompanying the application for distribution of electricity)

The application for the license issuance for distribution of electricity, apart from documents defined in Article 23, should be necessarily accompanied by the following documents:

- a) List of electric power structures and facilities and lists of the fixed assets regarding the requested activity, owned or used by the applicant,
- b) One-line scheme of the distribution area and working unit with surrounding, with drafted supplying sub-stations and generation facilities concluding with TC 10(20)/0,4 kV
- c) Schemes of the facility and one-line schemes of the facility with its surrounding, of the voltage levels of 35 kV with sub-stations TS 35/10 kV,
- d) Technical parameters of the electric power facility and structures related to distribution of electricity,
- e) Minutes and Decision of the competent authorities and review of the activities conducted on the basis of Decision issued by the competent body on the technical regularity and safety of the facility, as well as fulfilment of standards of the environmental protection,
- f) Statement on the introduced or a copy of the certificate on the introduced system of quality control (standard ISO 9001) and system of control of the environmental protection (standard ISO14001) in its business system,

- g) Statement or Certificate on insurance of equipment regarding distribution of electricity provided that equipment is covered by insurance,
- h) Contracts on concession, pursuant to the regulations on the concession granting,
- i) Number of distribution network users per the categories of consumption and pertaining groups of customers,
- j) Map of the area where distribution of electricity is done,
- k) Contracts with ISO and BOS, transmission company, generators whose structures are connected to the electric distribution network and traders and suppliers,
- l) Forms of contract on connection and access to the distribution network and form of the electric power consent;
- m) Price list of all services which distributor provides its customers with;

Article 26

(Additional documents accompanying the application for supply of tariff customers with electricity)

The application for issuance of the license for supply of tariff customers with electricity, apart from documents defined in Article 23, should be accompanied by the following documents:

- a) Evidence on the legal basis for using business premises,
- b) List of fixed assets and particularly description of the information-communication technologies used for doing activities (software, hardware and communication),
- c) Intended annual volume of the electricity supply,
- d) Number of end users, number of customers per categories of consumption and pertaining groups of customers,
- e) Map of the area where the requested activity is done or intended to be done,
- f) Forms of contract on supply end users with electricity,
- g) Statement on the introduced or copy of Certificate on the introduced system of the quality control (Standard ISO 9001) in its business system.

Article 27

(Additional document accompanying the application for trade and supply with electricity on the territory of Bosnia and Herzegovina)

The application for issuance of the license for trade and supply with electricity on the territory of Bosnia and Herzegovina, apart from documents defined in Article 23, should be accompanied by the following documents:

- a) Evidence on the legal basis for using business premises,

- b) Description of the necessary computer equipment (software, hardware and communication) for doing activities,
- c) Statement on intention to introduce or plan and program of introduction, namely Statement on the introduced or copy of Certificate on the introduced system of the quality control (Standard ISO 9001) in its business system.
- d) Intended annual volume of the electricity supply,

PART B. Criteria for making decision on the license issuance for doing activities in the electric power sector

Article 28
(Common criteria for making decision on the license issuance for doing activities in the electric power sector)

The license for doing activities in the electric power sector is issued to the applicant that proves as follows:

- a) that doing activity which the license is asked for has been registered with the appropriate register,
- b) that it meets all technical, operational and organizational conditions for operation,
- c) that it has sufficient number of employees of appropriate qualifications with authorizations for doing activities pursuant to the regulations and which are organized in working units and are in charge of clearly specified works in a way which provides doing activity which the license is issued for,
- d) that it has material assets, namely structures, installations and equipment necessary for doing activity,
- e) that in case that there aren't its own resources for fulfilment of criteria referred to in points c) and d) of this Article, it has the contracts concluded with other legal or physical persons which provides technical and professional qualification of the applicant for doing activities,
- f) that on the basis of the enclosed documents, it can be estimated that it has financial stability for running a business which provides fulfilment of the license requirements.

Article 29
(Additional criteria for making decision on the license issuance for generation of electricity)

The license for generation of electricity is issued to the applicant that, apart from the criteria defined in Article 28, proves the following:

- a) That it meets the conditions for the safe operation of the plant and facilities for health and life of people and functioning of equipment and installations,
- b) That it possesses water-management acts,

- c) That it possesses the environmental and other acts defined by law on protection of the environment,
- d) That it possesses the prescribed rules on maintenance and exploitation (operation) of the electric power structures and facilities (if there is no certificate on introduced system of the quality control and system of control of the environment protection following ISO standards),
- e) That it conditions for connection of the generation facility to the electric power network,
- f) That it achieves energy efficiency in using primary sources, namely that it undertakes measures for improvement of efficiency,
- g) That it possesses the approval for using new generation facility.

Article 30
(Additional criteria for making decision on the license issuance for distribution of electricity)

The license for distribution of electricity is issued to the applicant, which apart from the criteria defined in Article 28 proves that:

- a) it fulfils the requirements for safe operation of distribution structures and facilities for health of people and functioning of equipment and installations,
- b) it possesses the environmental license and other acts defined by the law on protection of the environment,
- c) it possesses the prescribed rules on maintenance and exploitation (operation) of the electric power structures and facilities (if there is no certificate on introduced system of the quality control and system of control of the environment protection following ISO standards),
- d) it fulfils the standards related to quality of the electricity supply,
- e) it realizes energy efficiency while transferring electricity through the distribution system and that it undertakes measures for improvement of efficiency,
- f) that it established efficient system of the meters' reading for metering of the electricity;

Article 31
(Additional criteria for making decision on the license issuance for supply of tariff customers with electricity)

The license for supply of tariff customers with electricity is issued to the applicant that, apart from the criteria defined in Article 28, proves the following:

- a) That it established an efficient system of informing customers, including the plans of its improvement,
- b) That it established the efficient system of calculation, delivery of bills and payment of the electricity delivered.

PART B: The license requirements for doing activities in the electric power sector

Article 32
(Common license requirements for doing activities in the electric power sector)

The license for doing activities in the electric power sector may include the following requirements:

- a) Those determined by the law provisions,
- b) Those representing the fulfilment of criteria, stated in Article 28-31, in a consistent way,
- c) Those making the licensee obliged to regulate the relations with other participants in the electricity market pursuant to the prescribed market rules,
- d) Those determined for insurance of the financial stability of the licensee,
- e) Those requesting full compliance with all other laws and regulations, including but not limited to requirements related to tariffs prescribed by REGULATORY COMMISSION and other competent bodies,
- f) Those ensuring confidentiality of data marked as confidential by the party that submitted them, as well as other data which protection obligation was determined by special regulations, if the licensee finds them while doing activity,
- g) Those making the licensee obliged to submit information and data pursuant to the Rule on reporting of REGULATORY COMMISSION or at the special request of REGULATORY COMMISSION pursuant to the Electricity law,
- h) Those related to the obligation regarding payment of the regulatory fee during the license validity period.
- i) and other requirements necessary to meet the objectives of law or REGULATORY COMMISSION regulations;

Article 33
(Additional license requirements for generation of electricity)

Apart from requirements referred to in Article 32, the license requirements for generation of electricity may include also additional requirements:

- a) Requesting the licensee to offer ancillary services, pursuant to the available technical possibilities and technical and commercial rules in the electricity market,
- b) Introducing the public service obligation pursuant to the law and the Concession contract,
- c) Making the licensee obliged to provide accounting unbundling of generation from other activities and applying the Uniform Regulatory Chart of Accounts, everything for the purposes of the efficient regulation of prices and tariffs,

- d) That it is obliged to provide functional unbundling of the electricity generation from the electricity distribution,
- e) Regarding utilization of the metering and other devices for the electric power system control and metering of electricity at the metering points, and enabling the use of metering values according to the regulations,
- f) That it provided registration and analysis of behaviour of the parameters of high dams, including the seismic phenomena pursuant to the law,
- g) Those regulating the rights of ownership or utilization of the land, facility and structures for the purposes of doing activity,
- h) Those related to financial and technical capability to dismantle and/or remove the waste and to close and/or remove all generation facilities pursuant to the technical requirements and requirements related to protection of environment after the permanent cessation of the activity doing and in all similar cases which jeopardize principles of the environment protection,
- i) Those related to improvement of the quality of realization of the respective activity and compliance with technical rules and standards, regulations of the safety at work and commercial and market rules,
- j) Those related to obligation to protect the environment and providing permanent control of impact on the environment pursuant to the environmental license requirements and other regulations within the scope of protection of the environment;
- k) Those related to obligation of the licensee regarding flooded area with water reservoirs and degraded land due to mine pits, where applicable,
- l) Those related to regulation of rights to use public areas and energy facilities, namely doing activity, everything pursuant to the regulations on the concession granting ;

Article 34

(Additional license requirements for distribution of electricity)

Apart from requirements referred to in Article 32, the license requirements for distribution of electricity may include the following requirements:

- a) That information on possibilities of using distribution network are available,
- b) Those making the distributor obliged to enable connection of all structures to the distribution network of all possible network users in a non-discriminatory way pursuant to the law and secondary legislation,
- c) That it clearly and transparently informs the customers on procedures, costs and other connection requirements and that it conducts activities necessary for connection of future users to the distribution network,
- d) Regarding the obligation to use metering and registering devices which enable metering of electricity and control of the electric power system and regular reading, maintenance, control, adjustment and calibration of the metering devices at the hand over places with end users, as well as

- enabling respective structures to use metering values pursuant to the regulations,
- e) Those making the distributor obliged to enable the access to the network, for generators of electricity and eligible customers of electricity impartially, following the principles of the regulated third party access and to prescribe conditions and procedure for refusal of the access with a legal remedy to the party that is refused the access on the possibility for appeal to REGULATORY COMMISSION,
 - f) Those making distributor obliged to enable the access to the network for non-eligible customers, directly or indirectly within the supply of tariff customers,
 - g) Those introducing the public service obligation pursuant to the regulations,
 - h) That the licensee is obliged to provide functional and accounting unbundling of the electricity distribution from electricity generation, supply of tariff customers with electricity and other activities, if done by it with a possibility of additional request related to unbundling,
 - i) for transparent and separate keeping accounting records, and obligation to apply the Uniform Regulatory Chart of Accounts, everything for the purposes of efficient regulation of prices and tariffs,
 - j) regarding development and compliance with Distribution grid rules, and other acts (forms, guidelines and similar) which are available to the distribution network users,
 - k) Those restricting delivery of electricity pursuant to the Law on electricity and General Conditions for delivery and supply with electricity,
 - l) That it is obliged to issue the electric power consents for connection to the distribution network, prescribe procedures and necessary forms, and determine and publish the costs of issuance,
 - m) Those regulating the rights of property or using of land, facilities and structures for the purposes of the activity doing,
 - n) which are related to the financial and technical capability to dismantle and/or remove all waste and to close and/or remove all distribution structures pursuant to the technical requirements and principles of protection of environment or expiry of the period of life of the structure or a part of the structure and in other similar cases which jeopardize the principles of the environment protection,
 - o) those related to improvement of quality of the activity doing and compliance with the valid technical rules and standards, including, but not limited to the Distribution grid rules and General conditions for delivery and supply with electricity,
 - p) Those related to obligation of the licensee to constantly undertake measures for reduction of distribution losses of electricity,
 - q) That the customers are informed appropriately on the possibility to submit complaint and the damage claim for the damage caused due to unfounded termination of delivery of electricity pursuant to the Law on electricity and General Conditions for delivery and supply of electricity,
 - r) Those related to obligation to protect the environment and providing permanent control of the impact on the environment;

- s) Those related to application of tariffs for using network and tariffs for connection to the distribution network,
- t) Regarding quality of supply,
- u) Regarding prohibition of the cross subsidizing,
- v) Regarding establishment of the effective procedure while switching,
- w) Regarding evidences on the operational events in the distribution network,
- x) Regarding the access to the network and connection to the network of a generation facility which uses renewable energy sources or efficient co-generation,
- y) Those related to regulation of the rights to use the public fields and energy facilities, namely doing activity, everything pursuant to the rules on the concession granting;

Article 35
(Additional license requirements for supply of tariff customers with electricity)

Apart from the requirements referred to in Article 32, the license requirements for supply of tariff customers of electricity may include the following additional requirements:

- a) Those making the licensee obliged to provide for accounting unbundling of supply of tariff customers with electricity from electricity distribution and other activities and provide separate accounting records for supply of tariff customers with electricity from other activities and to apply the Uniform Regulatory Chart of Accounts for the purposes of efficient regulation or prices and tariffs,
- b) Those related to the public service obligation,
- c) Those requesting the applicant to conclude the contract on the electricity supply with each tariff customer,
- d) Those related to the obligation of the applicant to regulate, on its territory, the access and use of distribution and transmission network for its customers and system services at regulated tariffs (unless differently defined in the contract on the supply of tariff customers),
- e) Those that limit delivery of electricity pursuant to the Law on electricity and General Conditions for delivery and supply with electricity,
- f) Those which make the customers informed about the possibility for lodging complaints and the damage claim for the damage caused by the unfounded termination of delivery of electricity pursuant to provisions of the Law on electricity and General Conditions for delivery and supply with electricity,
- g) Regarding the necessity to have the supplier of last resort in order to ensure continuity of supply of certain groups of electricity customers who did not choose or remained without the supplier,

- h) Those related to improvement of quality of doing activity and compliance with valid technical regulations and standards, including but not limited to General Conditions for delivery and supply with electricity,
- i) Those related to obligation of the licensee to inform BOS on the electricity needs,
- j) Those related to the licensee to inform the customers on limits and termination of the electricity supply,
- k) Those related to obligation of the call centre service,
- l) Those related to obligation to apply the tariff system for sale of electricity and tariff rates for non-eligible customers of electricity in Republic of Srpska,
- m) Regarding quality of the commercial service,
- n) regarding prohibition of the cross subsidizing;

Article 36

(Additional license requirements for trade and supply of electricity on the territory of Bosnia and Herzegovina)

Apart from the license requirements referred to in Article 32, the license requirement for trade and supply of electricity on the territory of Bosnia and Herzegovina may also the additional requirements:

- a) That the licensee is obliged to, in a transparent and appropriate way, provide accounting unbundling between trade and supply of electricity as a special business segment and other activities done by this licensee as one legal person,
- b) Obligation to treat customers in a fair and non-discriminatory way,
- c) Those related to obligation of the licensee to regulate the access and use of distribution and transmission network, including but limited to the system services at the regulated tariffs (unless differently defined in the Contract on supply),
- d) Those making the licensee obliged to conclude the contract on access, namely use of transmission and distribution network and that such a contract or summary of information related to the contract is submitted to the respective regulatory commission and competent system operator,
- e) compliance with mutually contracted contracts (generators, traders and suppliers, transmission company, distribution companies),
- f) Those related to supplier of last resort in order to ensure continuity of supply of certain groups of customers with electricity who did not choose or remained with the supplier,
- g) Those related to the obligation of the licensee to undertake all necessary measures within the scope of supply to provide satisfactory quality of supply,
- h) Those related to nature of information which the licensee is obliged to offer to the Distribution system operator and ISO, at their request,

- i) Those related to improvement of quality of doing activities and compliance with valid technical rules and standards, commercial and other rules related to trade and supply, including, but not limited to General Conditions for delivery and supply with electricity,
- j) Those related to need to harmonize reports for REGULATORY COMMISSION by the licensee related to delivery (transfer) of electricity through the transmission and distribution systems with the reports of the Transmission system operator and Distribution system operator.

CHAPTER II - LICENSE FOR CONSTRUCTION OF THE ELECTRIC POWER STRUCTURES

PART A: Necessary documents which are submitted along the application for issuance of the license for construction of the electric power facilities

Article 37 (Necessary documents)

The application for issuance of the license for construction of the electric power structure should be necessarily accompanied by;

- a) Valid Certificate from the Court register or other respective register, with appendices,
- b) Number of the unique register or unique identification number of the applicant,
- c) Statute of the Applicant (legal persons),
- d) Statement of the application on structures of the financing sources harmonized with the Feasibility Study or certificate of business banks that the application has sufficient means on its own and/or access to the credit means necessary for construction of the structure,
- e) Certificate of the competent body that the Applicant or his legal representative is not pronounced the prohibition measure to forbid the activity, economic activity or duty,
- f) Feasibility Study of the structure or Tentative or Main Project if developed,
- g) Verified study on estimate of impacts on the environment, as prescribed by the Law or other regulations for the concrete structure,
- h) Environmental license as stipulated by the law or other regulation for that type of the structure, which the application for the license issuance is requested for,
- i) Water management acts, as stipulated by law or other regulation anticipated for that kind of the structure which the application for the license issuance is filed for,
- j) Electric power consent for connection to the distribution network, and/or study of the technical solution for connection and requirements for connection to the transmission network,

- k) Urban planning consent,
- l) Contracts on the concession granting, pursuant to regulations on the concession granting,
- m) Statement/Certificate of the applicant on the previously constructed or re-constructed similar energy undertakings (generation of electricity),
- n) Statement/Certificate of the applicant on the submitted applications and obtained licenses from other regulatory commissions,
- o) Layout and length of the period of possible interruptions of electric energy delivery due to construction of the energy undertaking,
- p) Evidence on payment of the one-off regulatory fee;

PART B. Criteria for making decision on the license issuance

Article 38

(Criteria for making decision on the license issuance for construction of the electric power facility)

- (1) A legal or physical person that intends to construct a new electric energy facility or make a large-scale reconstruction of the existing generation electric power facility on the territory of Republic of Srpska cannot initiate the construction or a large-scale reconstruction without previously obtained license for construction issued by REGULATORY COMMISSION;
- (2) The license for construction is issued to the applicant that proves that:
 - a) the electric power structure was planned, namely designed in a way which provides that the impact on the electric power system is such that it ensures safe functioning of the electric power system which it is connected to;
 - b) the electric power structure was planned, namely designed in way that it provides reliable and safe functioning of the pertaining installations and equipment,
 - c) for the respective electric power structure, it has water management acts pursuant to regulations which regulate this field,
 - d) for the respective electric power structure, it has environmental license pursuant to regulations which regulate this field,
 - e) for construction of the electric power structure, it has the contract on concession, provided that the structure is built based on the concession,
 - f) it meets requirements related to safety of operation of the electric power structure when it is about health of people,
 - g) there aren't any limits regarding the use of primary sources of energy for generation of electricity,
 - h) there aren't any limits regarding determination of the site and use of the land for construction of the electric power structure,
 - i) in case of construction of distribution electric power structure, it is about the licensee for distribution of electricity,
 - j) for the electric power structure is planned, namely designed in a way that provides for a satisfactory level of the energy efficiency,

- k) on the basis of the enclosed documents, it may be estimated that it possesses the financial stability for running a business which provides fulfilment of the license requirement;

PART B. License requirements for construction of the electric power facility

Article 39 (License requirements)

License requirements may include the following criteria:

- a) which present fulfilment of criteria, stated in Article 38, in a consistent way,
- b) those related to transparent keeping of the accounting records,
- c) which requires full compliance with all other laws and regulations,
- d) those related to obligation of the licensee to comply, while constructing or re-constructing the electric power structure, with the plan for disconnection of electricity whereby the regularity of electricity supply shall not be reduced to the great extent,
- e) regarding regulation of the property-legal regulations regarding construction of the electric power structure,
- f) regarding provision of the financial and technical capacity that in a case of possible interruption of operation and withdrawal from construction, it dismantles and/or removes the waste which occurred while construction and that it arranges the land pursuant to law,
- g) those introducing the obligation of REGULATORY COMMISSION to submit financial, technical and other data on construction of the electric power structure pursuant to REGULATORY COMMISSION requirements,
- h) those requiring the licensee to comply with the law, valid technical regulations and standards for construction and reconstruction of the electric power structure as well as the current regulations related to construction or reconstruction of the structure,
- i) Those requiring the licensee to comply with, while constructing the structure, the principles of protection of the environment as defined by the environmental license requirements and other regulations,
- j) Those requiring the licensee to achieve energy efficiency in using primary energy sources as well as other data which obligation was determined by a special regulation,
- k) and any other requirements which is necessary in order to meet objectives of the law or regulation of REGULATORY COMMISSION;

SECTION A. Necessary documents which are to be enclosed to the application for the license issuance for doing activities

**Article 40
(Common documents)**

The application for the license issuance for doing activities in the natural gas sector should be necessarily accompanied by:

- a) Valid Decision on registration in the court register with enclosures
- b) Number of the unique register and unique identification number of the applicant,
- c) Statute of the applicant,
- d) Organizational structure of the applicant (organizational scheme), systematization of positions, data on number of employees and their professional qualifications (including data on the professional exams passed which were requested for realization of the activity and type of the contract on employment), statement of the applicant that it has qualified staff for doing requested activities or contracts concluded with other legal or physical persons qualified for doing energy activities,
- e) Statement that it has facilities, installation and equipment which it may use, put into operation for doing energy activity or contracts concluded with legal or physical persons which have an effect on the technical qualification,
- f) Annual and three-year's business plans of the applicant,
- g) Contracts concluded with participants in the natural gas market,
- h) Set of financial reports for the previous three years which contains: Balance Sheet, Profit and Loss Statement, Cash flow report, Report on changes on the capital and Report of the independent auditor or Initial Balance Sheet for the newly created facilities,
- e) Statement of the applicant and Certificate of business banks that the applicant has enough resources of its own or that it can take a loan with the bank or a possibility to get the bank guarantees for normal running a business pursuant to the Development plans
- f) Statement of the applicant and certificates of the business banks on all open transaction accounts of the applicant and their status (possible freeze and volume of transactions) in the latest month before the day when the application was submitted,
- g) Contracts on loans (debts, borrowings) with the repayment plan, if realization of the energy activity is financed through the loan,
- h) Statement on intention to introduce or plan and program of introduction, namely statement on the introduced or a copy of the certificate on the introduced system of the quality control (standard ISO 9001) in its business plan,
- i) Certificate of the respective body that the applicant or his legal successor has not been sentenced the measure prohibiting

- realization of the activity, economic activity or duty which the license issuance is requested for,
- j) Certificate of the competent court that the bankruptcy proceedings or liquidation proceeding is not led against the applicant,
 - k) Evidence on the payment of the one-off regulatory fee;

Article 41

(Additional documents for doing activities in the sector of natural gas production, system control for natural gas transport, transport of natural gas, distribution and control of the system for distribution of natural gas and storage and control of the system for the natural gas storage)

The application for issuance of license for generation of natural gas, system control for natural gas transport, transport of natural gas, distribution and control of the system for natural gas distribution, storage and control of the system for natural gas storage, apart from documents defined in Article 40, should necessarily be accompanied by the following documents:

- a) Map on the area where the activity, within the natural gas sector, is done/planned to be done with the scheme of the gas system with surrounding,
- b) List of structures, facilities, equipment and devices with technical parameters and register of the basic assets from the accounting records which are necessary for realization of the activity and which contains necessary data on the date of procurement, date of putting in use, procurement value, correction of the value, annual cost of depreciation, additional estimate, devaluation, fair value, revaluation reserve, level of usage with the depreciation policy and nomenclature of the fixed assets for calculation of depreciation,
- c) Statement/Certificate on the insurance of the facility and equipment for realization of the activity,
- d) Usage license pursuant to the law related to the spatial plan and construction,
- e) Environmental license obtained pursuant to the law,
- f) Contract on concession, pursuant to regulations on the concession granting or valid legal document on doing energy activity as the activity of general interest,
- g) Description of the system for measuring and monitoring of quality of gas and quality of delivery,
- h) Plans and reports on maintenance of the transport/distribution/storage system in the last three years,
- i) Minutes and decisions of the respective inspection authorities and overview of the activities carried out on the basis of Decision of the competent body regarding technical regularity of the system (safety at work, fire-fighting protection, protection from explosions and protection of environment),
- j) Valid operational rules of the gas system,

- k) Data on beneficiaries (number and category) whose facilities are connected to the transport/distribution/storage system of natural gas;

Article 42

(Additional documents for supply of tariff customers and trade and supply with natural gas)

The application for issuance of the license for supply of tariff customers and trade and supply with natural gas, apart from documents defined in the Article 40, should be necessarily accompanied by the following documents:

- a) Evidence on the legal basis for using premises,
- b) List of fixed assets and particularly description of the information-communication technologies which are used for doing activities (software, hardware and communication),
- c) General conditions for supply with natural gas,
- d) Number of customers in total and per categories of consumption and pertaining group of customers as well as the number of possible customers for the next three years pursuant to the annual plans of the supply volume,
- e) Description of method to follow up the quality of delivered gas,
- f) examples of the standard contracts and accompanying documents for doing appropriate energy activities:
 - 1) supply of tariff customers with natural gas,
 - 2) supply of eligible customers with natural gas,
 - 3) natural gas trading;
- g) Planned annual volume of supply/trade with natural gas for the next three years;

PART B: Criteria for making decision on issuance of the licenses for doing activities in the natural gas sector

Article 43

(Common criteria for making decision on the license issuance for doing activities in the natural gas sector)

The license for doing activities in the natural gas sector is issued to the applicant that proves as follows:

- a) That the legal person has been registered in the court register for the activity stated,
- b) That it has got material assets, namely structures, installation and equipment which are necessary for doing activity,
- c) That it has got enough number of employees of appropriate qualification with competences for realization of the activity pursuant

- to the regulations and which are organized in the working units and in charge of clearly specified duties in a way which provides realization of the activity that the license is issued for,
- d) That if it does not possess its own resources for fulfilment of the criteria referred to in point b) and c) of this paragraph, it has got the contracts concluded with other legal entities/physical entities which provide for technical and professional qualifications of the applicant for doing activities,
 - e) That it has the prescribed general documents, rules, procedures and plans of control, operation and maintenance of the gas system pursuant to the valid laws, technical regulations and standards,
 - f) That the applicant was not revoked the license for doing the same activity for the last five years before submitting application, if applicable,
 - g) That the applicant or its authorized representative has not been sentenced the safety measure of doing activity, economic activity or duty which the license was requested for,
 - h) That, based on the enclosed documents, it can be estimated that it has got the financial stability for running a business which provides fulfilment of the license requirements.

Article 44

(Additional criteria for making decision on the license issuance for doing activities of the control for the system of the natural gas transport)

The license for control of the system for the natural gas transport is issued to the applicant, that apart from the criteria defined in Article 43, proves that it has established the efficient system of recording of the transported quantities of natural gas at the handover places (input and outputs of the system).

Article 45

(Additional criteria for making decision on the license issuance for the natural gas transport)

The license for transport of natural gas is issued to the applicant that, apart from the criteria defined in Article 43, proves as follows:

- a) that it provides reliable, efficient and safe functioning of the system applying the principles of protection of the environment, firefighting and explosions, safety at work, pursuant to regulations and standards referred to these fields,
- b) that it provides/possesses, at the handover places of gas, regular, harmonized and appropriate measuring of the natural gas quantities.

Article 46

(Additional criteria for making decision on the license issuance for distribution and control of the system for distribution of natural gas)

and license for storage and control of the system for storage of natural gas)

The license for distribution and control of the system for distribution of natural gas and license for storage and control of the system for natural gas storage is issued to the applicant, that apart from the criteria defined in the Article 43, proves as follows:

- a) That it provides reliable, efficient and safe functioning of the system applying the principles of protection of the environment, firefighting and explosions, safety at work pursuant to the regulations referred to in this field,
- b) That it has, at the handover places of gas, regular, harmonized and applicable measuring and that it has established the efficient system of recording of the natural gas quantities.

Article 47

(Additional criteria for making decision on the license issuance for supplying tariff customers with natural gas and trade and supply with natural gas)

The license for supply of tariff customers with natural gas and license for trade and supply with natural gas is issued to the applicant that, apart from the criteria defined in Article 43, proves as follows:

- a) That it meets all technical, operational and organizational conditions for doing activities, economically justified and pursuant to the laws and other regulations,
- b) That it possesses the system of recording of delivered quantities, calculation, invoicing, collection and follow-up of the parameters related to natural gas delivered;

PART B: The license requirements for doing activities in the natural gas sector

Article 48

(Common license requirements for activities in the natural gas sector)

The license for doing activities in the natural gas sector may include the following requirements:

- a) Those providing constant fulfilment of the criteria for the license issuance, as stated in Articles 43-47 in the license validity period,
- b) Those which make the licensee obliged to comply with all other laws and regulations,

- c) Those which make the licensee obliged to comply with regulations related to doing activities of general interest (if the respective activity is of general interest)
- d) Those which ensure the financial stability of the licensee for the purposes of realization of the respective activity,
- e) To obtain, maintain and improve the assets necessary for realization of the activity,
- f) Those which make the licensee obliged to regulate relationships with participants in the natural gas market in order to provide qualitative and reliable supply of customers, safe functioning of the system and long-term capability of the network to reponse to the needs of the natural gas transport,
- g) Those which make the licensee obliged to provide unbundling of the respective activity from other activities done by the licensee,
- h) To introduce and certify the system of the quality control following the ISO standards in its business system,
- i) Those which forbids the licensee from the cross-subsidy of the activity,
- j) Those which regulate transparent and separate keeping and access to the accounting records of the authorized persons and publication of information which are necessary for realization of the REGULATORY COMMISSION competences,
- k) Those which make the licensee obliged to prepare its financial reports pursuant to the International Accounting standards, International Standards of the financial reporting and REGULATORY COMMISSION rules,
- l) Those which forbid giving up or modification of realization of the activity which the license was issued for, without previous approval of REGULATORY COMMISSION,
- m) Those defining the method of reporting and submission of information to REGULATORY COMMISSION,
- n) Those related to the obligation regarding payment of the regulatory fee during the license validity period,
- o) Or any other requirements stipulated by provisions of the Law on energy and Law on gas or REGULATORY COMMISSION regulations;

Article 49

(Additional license requirements for control of the system for the natural gas transport)

Apart from the requirements referred to in Article 48, the license requirements for control of the system for natural gas transport include some additional requirement as follows:

- a) Those which make the licensee obliged to contractually regulated and comply with the contracted duties with the licensees for transport, unless this licensee is concurrently the licensee for natural gas transport,

- b) Those which make the licensee obliged to make Developmental plans for construction and reconstruction of the transport network,
- c) Those providing cooperation between the transport system operators and transporters in making Developmental plans for construction and reconstruction of the transport network,
- d) Those providing availability and continually submitting information of the system operations for the neighboring system operators in order to provide efficient and safe functioning of the interconnected systems,
- e) Those making the system operator obliged to prevent disclosure of information on running business (available capacities, possibilities for access) which may offer commercial advantages in a discriminatory way to the network users,
- f) Those providing non-discriminatory relations, prevention of misuses of commercial information and ensurance of the data confidentiality of the data obtained by third parties,
- g) Those making the transport system operator obliged to buy natural gas used for doing its activities, pursuant to the transparent, non-discriminatory and market procedure,
- h) Those making the transport system operator obliged to comply with the Rule on operation of the transport network for natural gas, following the principles of transparency and non-discrimination,
- i) Those related to compliance with the rule on access and use of the transport network, rule on connection to the transport network as well as the method of solving disputes and filing complaints to REGULATORY COMMISSION,
- j) To determine, based on the methodology and tariff system of REGULATORY COMMISSION, the prices for doing activities, to obtain the consent of REGULATORY COMMISSION on those prices and to publish them in the Official Gazette of Republic of Srpska before their effective date and to comply with them,
- k) Those requiring full compliance with requirements related to the tariffs prescribed by REGULATORY COMMISSION.

Article 50 **(Additional license requirements for transport of natural gas)**

Apart from the requirements stated in Article 48 , the license requirements for transport of natural gas may include the following additional requirements:

- a) Those making the licensee obliged to contractually regulate and comply with contracted obligations with the licensee for control of the transport system,
- b) Those providing cooperation between transporter and operator of the transport system in making Developmental plans for construction and reconstruction of the transport network,
- c) To conduct and continually supervise the adopted measures of protection of the environment, safety at work, fire-fighting and explosion protection pursuant to regulations related to these fields,

- d) To regulate the right of ownership and use of the land, facility and structures for the purposes of realization of the activity,
- e) To control and maintain the metering and testing equipment pursuant to valid regulations on verification and harmonization,
- f) Those related to compliance with the Rule of operation of the transport network, following the principles of transparency and non-discrimination,
- g) Those related to compliance with the Rule on connection to the transport network as well as method of solving disputes and filing complaints to REGULATORY COMMISSION,
- h) That it is financially and technically capable of the risk management against possible dangers caused by damages in the transport system (control of structures, installation and equipment), and/or of removal of all damages/failures and closure of endangered transport structures/installations pursuant to the technical requirements, regulations and principles of protection of people, structures, installations, equipment and environment,
- i) That it based on the methodology and tariff system of REGULATORY COMMISSION, determines the prices of the natural gas transport, obtains the REGULATORY COMMISSION consent on those prices and publishes them in the Official Gazette of Republic of Srpska before their effective date and complies with them,
- j) Those which require full compliance with requirements related to the tariffs prescribed by REGULATORY COMMISSION,
- k) Conditions which forbid the licensee to sell the material assets, namely structures, installations and equipment it issues for realization of the natural gas transport without REGULATORY COMMISSION consent,
- l) Conditions which oblige the licensee to make the accounting unbundling of the activity of the natural gas transport from other activities it does;
- m) Those related to the rights of using public field and energy facilities, namely doing activity, everything pursuant to the regulations on the concession granting;

Article 51

(Additional license requirements for transport and control of the system for the natural gas transport)

Apart from the requirements referred to in Article 48, the license requirements for distribution and control of the system for natural gas distribution may include some additional requirement as follows:

- a) Those which make the licensee obliged to make Developmental plans for construction and reconstruction of the transport network,
- b) Those providing sharing information with operators of neighboring systems for the purposes of providing efficient and safe functioning of the interconnected systems,

- c) Those making the distribution system operator obliged to buy natural gas used for doing its duties pursuant to the transparent, non-discriminatory and market procedures,
- d) To conduct and continually supervise the adopted measures of protection of environment, safety at work, fire-fighting and explosions, pursuant to regulations and standards within these fields,
- e) To regulate the right of property or use of land, facilities and structures for the purposes of doing activity,
- f) To control and maintain metering and testing equipment pursuant to the valid rules on verification and harmonization,
- g) Those related to compliance with the Rule of operation of the distribution system, following the principles of transparency and non-discrimination,
- h) That it is financially and technically capable of the risk management against possible dangers caused by damages in the transport system (control of structures, installation and equipment), and/or of removal of all damages/failures and closure of endangered transport structures/installations pursuant to the technical requirements, regulations and principles of protection of people, structures, installations, equipment and environment,
- i) Those related to compliance with the rule on access and use of the transport network, rule on connection to the distribution network as well as the method of solving disputes and filing complaints to REGULATORY COMMISSION,
- j) Those making the distributor obliged to prevent disclosure of information on running business (available capacities, possibilities for access) which may offer commercial advantages in a discriminatory way to the network users,
- k) Those providing non-discriminatory relations, prevention of misuses of commercial information and ensurance of the data confidentiality of the data obtained by third parties,
- l) That it based on the methodology and tariff system of REGULATORY COMMISSION, determines the prices of access and use of the system, obtains the REGULATORY COMMISSION consent on those prices and publishes them in the Official Gazette of Republic of Srpska before their effective date and complies with them,
- m) Those obliging the licensee to do the legal, functional and accounting unbundling of distribution and natural gas distribution system control from the activity of supply and make the accounting unbundling from other activities it does, unless the energy undertaking has less than 100 000 connected customers;
- n) Those related to regulation of rights to use the public field and energy facilities, namely doing activity, pursuant to the regulations on the concession granting;

Article 52

(Additional license requirements for storage and control of the system for the natural gas storage)

Apart from the requirements referred to in Article 48, the license requirements for storage and control of the system for natural gas storage may include some additional requirements as follows:

- a) Those providing availability and continually submission of information on the system operations to the transport system operator for the purposes of providing efficient and safe functioning of the interconnected systems,
- b) To regulate the right of property or use of land, facilities and structures for the purposes of doing activity,
- c) To control and maintain metering and testing equipment pursuant to the valid rules on verification and harmonization,
- d) To continually improve and comply with the Rule on operation of the storage system, following the principles of transparency and non-discrimination, as well as method of solving disputes and filing complaints to REGULATORY COMMISSION,
- e) That it is financially and technically capable of the risk management against possible dangers caused by damages in the transport system (control of structures, installation and equipment), and/or of removal of all damages/failures and closure of endangered transport structures/installations pursuant to the technical requirements, regulations and principles of protection of people, structures, installations, equipment and environment,
- f) To, based on the methodology and tariff system of REGULATORY COMMISSION, determine the prices of access and use of the storage system, obtains the REGULATORY COMMISSION consent on those prices and publishes them in the Official Gazette of Republic of Srpska before their effective date and complies with them,
- o) Those obliging the licensee to do the legal, functional and accounting unbundling of the storage system control from the activity of supply and make accounting unbundling from other activities it does;
- g) Those related to regulation of rights to use the public field and energy facilities, namely doing activity, pursuant to the regulations on the concession granting

Article 53

(Additional license requirements for supply of tariff customers with natural gas)

Apart from the requirements referred to in Article 48, the license requirements for supply of tariff customers with natural gas may include some additional requirements as follows:

- a) To comply with requirements of the regulated natural gas market in order to provide regular, qualitative and safe supply of tariff customers and to meet standards of the quality of the level of the offered services,
- b) That it based on the methodology and tariff system of REGULATORY COMMISSION, determines the prices for supply of tariff customers,,

- obtains the REGULATORY COMMISSION consent on those prices and publishes them in the Official Gazette of Republic of Srpska before their effective date and complies with them,
- c) Those requiring full compliance with requirements related to tariffs prescribed by REGULATORY COMMISSION,
 - d) To continually improve and comply with General Conditions for supply with natural gas, following the principles of transparency and non-discrimination,
 - e) Those making the licensee obliged to conclude the contract on natural gas supplying with each tariff customer, defining the supplying method, rights and obligations of the supplier and customers and actions in case of the irregulation realization or failure to realize the contracted obligations,
 - f) Those making the licensee obliged to obtain necessary quantites of natural gas for supply of tariff cusotmers and other persons that adopted the regulated conditions of supplying,
 - g) Those making the applicant obliged to guarantee the safety of delivery of the contracted quantities and, on behalf of tariff customers, provide renting of transport and distribution capacities,
 - h) Those making the applicant obliged to establish the efficient system of providing information to tariff customers,
 - i) Those providing prevention of misuse of the commercial information and ensuring confidentiality of data regarding transport and distribution of natural gas obtained by the third parties,
 - j) To treat customers in a fair and non-discriminatory way
 - k) Those obliging the licensee to make the accounting unbundling of the natural gas tariff supply from other activities it does.

Article 54

(Additional license requirements for trade and supply with natural gas)

Apart from the requirements referred to in Article 48, the license requirements for the natural gas supply may include some additional requirement as follows:

- a) To comply with requirements of the regulated natural gas market in order to provide regular, qualitative and safe supply,
- b) Those requiring full compliance with conditions related to transport and distribution tariff prescribed by REGULATORY COMMISSION,
- c) To continually improve and comply with general conditions for the natural gas supplying, following the principels of transparency and non-discrimination,
- d) Those making the licensee obliged to conclude the contract on natural gas supplying with each eligible customer, defining the supplying method, rights and obligations of the supplier and customers and actions in case of the irregulation realization or failure to realize the contracted obligations,
- e) Those making the licensee obliged to guarantee safety of delivery of the contracted quantities and, on behalf of eligible customers, provide renting of the transport and distribution capacities,

- f) Those related to prevention of distortion of competition and limitations of the market in a sense of regulations defining this area,
- g) Those providing prevention of misuse of commercial information and ensuring confidentiality of data obtained from the third parties,
- h) To treat customers in a fair and non-discriminatory way,
- i) Those obliging the license to make the accounting unbundling of trade and supply with natural gas from other activities it does;

CHAPTER IV - LICENSES FOR ACTIVITIES IN THE OIL AND OIL DERIVATIVES SECTOR

PART A. Necessary documents accompanying the application for issuance of the license for doing activity

Article 55 (Common documents)

The application for the license issuance in the sector of oil and oil derivatives should be necessarily accompanied by:

- a) Valid decision on registration in the court register with enclosures,
- b) Number of the unique register and unique identification number of the applicant,
- c) Statute of the applicant,
- d) Scheme of the area where the activity from the oil and oil derivatives' sector is done with the scheme of the oil system with surrounding,
- e) Organizational structure of the applicant (organizational scheme), systematization of positions, data on number of employees and their professional qualifications (including data on the professional exams passed which were requested for realization of the activity and type of the contract on employment), statement of the applicant that it has qualified staff for doing requested activities or contracts concluded with other legal or physical persons qualified for doing energy activities,
- f) Statement that it has facilities, installation and equipment which it may use, put into operation for doing energy activity or contracts concluded with legal or physical persons which have an effect on the technical qualification,
- g) Annual and three-year's business plans of the applicant,
- h) Description of the system of metering and records of the metering devices at the taking over places,
- i) Documents related to follow up of the quality of oil and oil derivatives respectively pursuant to the regulations,
- j) Set of financial reports for the previous three years which contains: Balance Sheet, Profit and Loss Statement, Cash flow report, Report on changes on the capital and Report of the independent auditor or Initial Balance Sheet for the newly created facilities,
- k) Statement of the applicant and Certificate of business banks that the applicant has enough resources of its own or that it can take a loan with

- the bank or a possibility to get the bank guarantees for normal running a business pursuant to the Development plans
- l) Statement of the applicant and certificates of the business banks on all open transaction accounts of the applicant and their status (possible freeze and volume of transactions) in the latest month before the day when the application was submitted,
 - m) Contracts on loans (debts, borrowings) with the repayment plan, if realization of the energy activity is financed through the loan,
 - n) Certificate of the respective body that the applicant or his legal successor has not been sentenced the measure prohibiting realization of the activity, economic activity or duty which the license issuance is requested for,
 - o) Certificate of the competent court that the bankruptcy proceedings or liquidation proceeding is not led against the applicant,
 - p) List of structures, facilities, equipment and devices with technical parameters and register of the basic assets from the accounting records which are necessary for realization of the activity and which contains necessary data on the date of procurement, date of putting in use, procurement value, correction of the value, annual cost of depreciation, additional estimate, devaluation, fair value, revaluation reserve, level of usage with the depreciation policy and nomenclature of the fixed assets for calculation of depreciation,
 - q) Statement/Certificate on the insurance of the facility and equipment for realization of the activity,
 - r) Usage licenses pursuant to the law related to the spatial plan and construction or verified copy, but exceptionally in a case of impossibility to obtain the original document, it can be submitted a copy of the usage license, accompanied by the statement of the authorized person on reasons for impossibility to submit them,
 - s) Environmental license obtained pursuant to the regulations,
 - t) Contract on concession, if applicable,
 - u) Plans and reports on maintenance of the generation/transport/storage system in the last three years,
 - v) Minutes and decisions of the respective inspection bodies and overview of activities which are conducted pursuant to the decision of the respective body regarding technical regularity of the system (safety at work, fire-fighting measures and measures against explosions and protection of environment) in the period of 12 months before submission of the application for the license issuance,
 - z) Valid rules of operation of the system for transport or storage of oil and oil derivatives,
 - x) Statement on intention to introduce or a plan and program of introduction, namely the statement on the introduced or a copy of the certificate on the introduced system of the quality control (Standard ISO 9001) and system of control of the environment protection (Standard ISO 14001) and system of the industrial safety (ISO 18001) in its business system, or a statement and evidence on another standard introduced,
 - y) Evidence on the one-off regulatory fee payment.
- (2) The applicant for issuance of licenses for generation of the oil derivatives doing generation of oil derivatives as the party

ordering generation in a sense of Area C, class 19 of the Regulation on classification of activities in Republic of Srpska is not obliged to enclose, with the application, the documents referred to in paragraph (1) of this Article, but is obliged to submit the contracts concluded with generators of oil derivatives that are licensees following the regulations in Republic of Srpska.

PART B. Criteria for making decision on the license issuance for activities in the sector of oil and oil derivatives

Article 56

(Common criteria for making decision on the license issuance for activities in the sector of oil and oil derivatives)

The license for activities in the sector of oil and oil derivatives is issued to the applicant proving that:

- a) That the legal person has been registered in the court register for the activity stated,
- b) That it has got material assets, namely structures, installation and equipment which are necessary for doing activity,
- c) That it has got enough number of employees of appropriate qualification with competences for realization of the activity pursuant to the regulations and which are organized in the working units and in charge of clearly specified duties in a way which provides realization of the activity that the license is issued for,
- d) That if it does not possess its own resources for fulfilment of the criteria referred to in point b) and c) of this paragraph, it has got the contracts concluded with other legal entities/physical entities which provide for technical and professional qualifications of the applicant for doing activities,
- e) That it has the prescribed general documents, rules, procedures and plans of control, operation and maintenance of the gas system pursuant to the valid laws, technical regulations and standards,
- f) That the applicant was not revoked the license for doing the same activity for the last five years before submitting application, if applicable,
- g) That the applicant or its authorized representative has not been sentenced the safety measure or protection measure to prevent realization of the activity or duty or protection measure which forbids realization of the activity which the license was requested for,
- h) That, based on the enclosed documents, it can be estimated that it has got the financial stability for running a business which provides fulfilment of the license requirements.

- i) That it provides reliable, efficient and safe functioning of the system applying the principle of protection of the environment, fire-fighting and explosions, safety at work pursuant to regulations related to the respective fields,
 - j) That it has established the efficient system of recording of generated amounts of oil derivatives/transported amounts of oil and oil derivatives/stored amounts of oil and oil derivatives respectively and that it possesses at the handover places of oil pipelines and product pipelines/storage systems proper, harmonized and applicable metering,
- (2) The applicant for issuance of licenses for generation of the oil derivatives doing generation of oil derivatives as the party ordering generation in a sense of Area C, class 19 of the Regulation on classification of activities in Republic of Srpska is not obliged to enclose, with the application, the documents referred to in paragraph (1) of this Article, and for the criteria referred to in point e) is obliged to conclude the contracts with generators of oil derivatives that are licensees following the regulations in Republic of Srpska.

PART B. License requirements for doing activities in the sector of oil and oil derivatives

Article 57
(Common license requirements for doing activities in the sector of oil and oil derivatives)

The license requirements for doing activities in the sector of oil and oil derivatives may include the following requirements:

- a) Those providing constant fulfilment of the criteria for the license issuance, as stated in Article 57 in the license validity period,
- b) Those which make the licensee obliged to comply with regulations related to doing activities of general interest (if the respective activity is of general interest)
- c) Those which ensure the financial stability of the licensee for the purposes of realization of the respective activity,
- d) To obtain, maintain and improve the assets necessary for realization of the activity,
- e) To conduct and continually monitor the adopted measures which fulfill the obligations related to protection of environment and provide with permanent control of impact on the environment pursuant to the environmental license requirements and laws related protection of environment,
- f) Those regulating the property right or use of the land, facilities and structures for the purposes of doing activities,
- g) Those making the licensee obliged to regulate relationships with participants in the market of oil and oil derivatives and to comply with the contracted duties in order to provide qualitative and safe activity,

- h) Those related to compliance with the rules on method of submission of the complaint to REGULATORY COMMISSION,
- i) To introduce and certify the system of the quality control (Standard ISO 9001, ISO 14001 and ISTO 18001) in its business system,
- j) To control and maintain the measuring and testing equipment pursuant to the valid regulations on verification and harmonization,
- k) That it is financially and technically capable of the risk management against possible dangers caused by damages in the system (control of structures, installation and equipment), and/or of removal of all damages/failures and closure of endangered structures/installations pursuant to the technical requirements, regulations and principles of protection of people, structures, installations, equipment and environment,
- l) Those providing REGULATORY COMMISSION representatives with the access to information and accounting records required for implementation of REGULATORY COMMISSION competences,
- m) Those making the licensee obliged to prepare its financial reports pursuant to the International Accounting Standards, International Financial Reporting and REGULATORY COMMISSION Rules,
- n) To conduct and continually monitor the adopted measures of safety at work, fire-fighting measures and measures against explosions, pursuant to regulations related to these fields,
- o) Those providing non-discriminatory relations, prevention of the misuse of commercial information and insuring protection of the business secrets of the participants in the market of oil and oil derivatives,
- p) Or any other requirements stipulated by provisions of the Energy law and Law on oil and oil derivatives or REGULATORY COMMISSION regulations.

Article 58

(Additional license requirements for generation of the oil derivatives)

Apart from requirements stated in Article 58, the license requirements for generation of the oil derivatives may include the additional requirements:

- a) Those providing operational reserves of the oil derivatives pursuant to provisions of the Law on oil and oil derivatives,
- b) Those providing quality of the oil derivatives pursuant to the valid regulations,

Article 59

(Additional license requirements for transport of oil through the oil pipelines and transport of oil derivatives through the product pipelines)

Apart from the requirements stated in Article 58, the license requirements for transport of oil through the oil pipelines and transport of oil derivatives through the product pipelines may also include additional requirements:

- a) That based on the methodology and tariff system, REGULATORY COMMISSION should determine the prices of transport of oil and oil derivatives, obtain approval of REGULATORY COMMISSION on those prices and publish them in the Official Gazette of Republic of Srpska before the effective date and comply with them,
- b) Those which make the licensee obliged to provide accounting unbundling of respective activities from other activities done by the licensee.
- c) Those related to regulation of rights of public field and energy facilities, namely doing activities everything pursuant to the Rules on the concession granting;

Article 60

(Additional license requirements for storage of oil and oil derivatives)

Apart from the requirements stated in Article 58, the license requirements for storage of oil and oil derivatives may include the additional requirements:

- a) To continually improve and comply with the Rules of operation of the storage system, following the principles of transparency and non-discrimination, as well as the method of settlement of disputes and submission of complaints to REGULATORY COMMISSION,
- b) That it is financially and technically capable of the risks management from possible dangers caused by damages in the storage and/or to remove all damages/failures and close endangered structures/facilities pursuant to the technical applications, regulations and principles of protection of people, structures, installations, equipment and environment,
- c) Those providing storage of the reserves of oil and oil derivatives pursuant to provisions of the Law on oil and oil derivatives;
- d) Those related to regulation of rights to using public field and energy facilities, namely doing activity, everything pursuant to the regulations on the concession granting;

CHAPTER V - CONTENT OF THE LICENSE

Article 61

(Content of the license)

- (1) The license for doing energy activity and license for construction of the electric power structure is issued by Decision which integral parts are the license and license requirements.
- (2) The license cover page contains the name and address of the licensee, unique number of the licensee, registration number, effective date and license validity period.
- (3) The license requirements include:

- a) general provisions,
- b) definitions,
- c) subject of the license,
- d) license validity period,
- e) rights of the licensee,
- f) obligations of the licensee,
- g) monitoring,
- h) extension, amendment, transfer and revocation of the license,
- i) sanctions,
- j) communication,
- k) transitional and final provisions and
- l) effective date;

PART FOUR – SPECIAL PROCEEDINGS RELATED TO THE LICENSE

Article 62 (Initiating special proceedings)

The proceeding related to extension, amendment of the license, transfer, cancellation and revocation of the license may be initiated at the request of the licensee and REGULATORY COMMISSION.

Article 63 (Extension of the license)

- (1) Licensee is entitled to, upon expiry of the license validity, extend the license in the proceeding and under the conditions stipulated by this Rule for issuance of the new license.
- (2) If the Licensee intends to do the activity in continuation which it has got the license for, it is obliged to submit an application for extension of a new license no later than three months before expiry of the license.

Article 64 (License amendment)

(Amendment of the license)

- (1) Amendment of the license is made at the proposal of REGULATORY COMMISSION or Licensee.
- (2) The proposal is made in writing accompanied by appropriate evidences which may include:
 - a) Legal frameworks, court decisions, contracts or some other events which essentially influence realization of the activity,
 - b) Changes which may lead to partly or complete prevention to fulfil the license conditions (weather conditions, great damages, force majeure, etc)

- c) Status changes of the Licensee (separation, merging, transformation, privatization, etc), or changes of the important datum which are of importance in the legal trade and are registered in the appropriate register,
- d) That situation that REGULATORY COMMISSION may initiate the procedure of amendment of the license in order to respond to the changes in legal or its own regulations as well as the changes of conditions in order to protect general public interest.

(3) REGULATORY COMMISSION informs the Licensee and all interested parties about the suggested amendments.

(4) If REGULATORY COMMISSION and Licensee reach an agreement about the amendments, the license is changed in accordance with the agreement.

(6) If the agreement is not reached, REGULATORY COMMISSION makes decision on amendment of the license based on facts or evidences in the proceeding.

Article 65 (Transfer of the license)

(1) In the license validity period, the issued license may be transferred to the third party if the Licensee sells his work or if he asks to transfer his license or controlled (managerial) interest to that party.

(2) Licensee is obliged before obtaining the approval from REGULATORY COMMISSION for the license transfer, to obtain the consent from a new Licensee on acceptance of the license requirements which transfer is requested for.

(3) Apart from fulfilment of the conditions referred to in paragraph (2) of this Article, new licensee should possess the license for doing energy activity in order to obtain REGULATORY COMMISSION approval for transfer of the license.

(4) If a new licensee does not have the license for doing appropriate energy activity, it is obliged to submit an application to REGULATORY COMMISSION with accompanying documents, for the license issuance for appropriate energy activities which are transferred for use.

(5) The license transfer procedure is conducted in the same way as it is the case with the license issuance procedure.

(6) REGULATORY COMMISSION may terminate the transfer procedure if, until the final decision is made, Licensee decides to keep on performing the activity which the license was issued for and revokes his application.

(7) The license transfer to the third party is preceded by the procedure of the transfer of rights for the use of assets necessary to realization of the activity of the respective license to that party.

(8) REGULATORY COMMISSION initiates the procedure of the compulsory transfer of license to the third party in cases of financial incapacity or bankruptcy of the Licensee or non-fulfilment of conditions related to the obligation to offer the public service to the consumers regulated with the issued license.

(9) REGULATORY COMMISSION shall inform the public and Licensee in writing about the license transfer procedure.

**Article 66
(Cancellation of the License)**

REGULATORY COMMISSION may cancel the issued license if the Licensee, in the procedure related to issuance, extension, amendment or transfer of the license, gave incorrect information based on which REGULATORY COMMISSION made its final decision.

**Article 67
(Revocation of the license in the sector of electricity and sector of oil and oil derivatives)**

- (1) REGULATORY COMMISSION may, according to its competences prescribed by the Law provisions, revoke the issued license.
- (2) The license revocation procedure may be requested by REGULATORY COMMISSION, the Licensee, interested party or respective inspector.
- (3) The license may be revoked in the following cases:
 - a) If the Licensee does not comply with the terms and deadlines prescribed by the License,
 - b) If the Licensee does not do the activity pursuant to provisions of the law and other regulations,
 - c) If the licensee makes a decision not to perform the activity, which the license was issued for,
 - d) If the Licensee does not submit the requested information and data to REGULATORY COMMISSION during the license validity period within the scope of REGULATORY COMMISSION competences,
 - e) If the Licensee provides REGULATORY COMMISSION with incorrect information and data during the license validity period,
 - f) If there is a threaten of bankruptcy or liquidation, court separation, technical and expert incompetence and cancelling of concessions of the Licensee,
 - g) If the Licensee does not enable authorized persons of REGULATORY COMMISSION to have direct access to equipment and documentation,
 - h) If the Licensee does not pay the regulatory fee regularly,
- (4) REGULATORY COMMISSION may determine, during the procedure, a reasonable period for the Licensee to eliminate the established failures related to fulfilment of the license conditions what it will warn the Licensee about in writing
- (5) If the Licensee does not eliminate the failures referred to in paragraph (4) of this Article in that period, REGULATORY COMMISSION initiated the procedure related to the license revocation.
- (6) REGULATORY COMMISSION informs the public, as well as the Licensee in writing about the license revocation.

Article 68
(Revocation of the license for the activities within the natural gas sector)

- (1) REGULATORY COMMISSION may, on the basis of the competences prescribed the provisions of the Gas law, temporarily and permanently revoke the issued license.
- (2) The license revocation procedure may be requested by REGULATORY COMMISSION, licensee, interested party or the competent inspection official.
- (3) The license may be temporarily revoked from the licensee for the reasons determined in the Article 10 paragraph (2) of the Gas law.
- (4) REGULATORY COMMISSION makes decision on the temporary revocation of the license in which it determined the deadline of 30 days at most, from the date the decision is delivered, for removal of registered failures related to fulfillment of license requirements, about which it informs the licensee in writing,
- (5) REGULATORY COMMISSION shall initiate the procedure of permanent license revocation for doing activity if it did not remove the failures determined by Decision on the temporary revocation of the license within the deadline determined in the paragraph (4) of this Article.
- (6) REGULATORY COMMISSION shall inform the public, as well as the licensee, in writing on the permanent license revocation.
- (7) Exceptionally, for the purposes of protection of the public interest, REGULATORY COMMISSION may, having obtained the opinion of the respective ministry for the scope of energy and opinion of the respective inspection authority let the licensee go on with doing activity till the conditions are provided for removal of harmful consequences due to cessation of their operation, but no longer than double duration of the period determined in the paragraph (4) of this Article.

Article 69
(Uniform application of the rules in other proceedings)

- (1) Rules of the proceedings for the license issuance shall be applied in the proceedings related to extension, amendment, transfer and revocation of the license.
- (2) If, in the application for initiating proceedings referred to in paragraph (1) of this Article, there are the facts stated or submitted evidences based on which one may determine the factual state or if such a condition may be determined on the basis of the generally known facts or official data which REGULATORY COMMISSION has on disposal, whereby special hearing is not needed, these proceedings may be conducted and decision may be made on application without holding public hearing.
- (3) The application for extension, amendment, transfer and revocation of the license may be refused for the same reasons as prescribed by Article 22 of this Rule.

PART FIVE - REGISTER OF LICENSES

Article 70 (Register of licenses)

- (1) REGULATORY COMMISSION keeps register of the issued licenses.
- (2) Register of licenses is consisted of the records on all submitted applications for the license issuance and of the registration documents for each particular license.
- (3) Registration documents for each license contains:
 - (a) application for the license issuance with information and enclosed documents,
 - (b) documents related to the public hearing,
 - (c) decision made for adoption or refusal of the license application,
 - (d) issued license,
 - (e) decision on the license amendment,
 - (f) decision on the license extension,
 - (g) decision on the license transfer,
 - (h) decision on the license cancellation,
 - (i) decision on the license revocation,
 - (j) legal remedy for the competent bodies on REGULATORY COMMISSION decisions related to the license issuance, refusal of the application for the license issuance, extension, amendment, transfer, cancellation or revocation of the license,
 - (k) other documents related to each particular process;
- (4) REGULATORY COMMISSION keeps the collective register of the issued licenses electronically which contains:
 - a) type of the license,
 - b) registration number of the license,
 - c) name, seat and address of the company (legal person), and personal data of the physical person of the licensee,
 - d) date of the license issuance,
 - e) license validity period,
 - f) dates of making decisions;
- (5) Each license issued by REGULATORY COMMISSION is given the registration number pursuant to the Rule on the office work made by REGULATORY COMMISSION and REGULATORY COMMISSION Decision on the coding.
- (6) Collective register of the issued licenses is available on REGULATORY COMMISSION internet page and inspection in it can be done in REGULATORY COMMISSION premises.

Article 71 (Publication in the Official Gazette of Republic of Srpska)

REGULATORY COMMISSION informs the public on issuance, extension, amendment, transfer, cancellation or revocation of the license publishing Decision in the "Official Gazette of Republic of Srpska".

PART VII: MONITORING

Article 72 (Monitoring conditions)

(1) REGULATORY COMMISSION supervises usage of the issued license by the Licensee.

(2) Licensee is obliged to cooperate with the staff of REGULATORY COMMISSION during the monitoring process and submit the periodical reports pursuant to the Rule book on reporting, other documents and requirements defined in the License.

(3) Authorized staff of REGULATORY COMMISSION is entitled to carry out regular and extra supervision activities in the premises of the Licensee, and is entitled to the access to it structures, facilities, equipment and documents in order to make an inspection of realization of the activity or construction of the electric power facility, according to the conditions prescribed by the license.

(4) In case the complaint is lodged by the third party against the Licensee, REGULATORY COMMISSION shall check justification of the complaint and check whether the business practice of the Licensee is in compliance with the license usage requirements.

(5) Licensee informs REGULATORY COMMISSION about each violation of the conditions for the license usage within 10 (ten) days counting from the day the violation took place.

Article 73 (Sanctions)

If, based on the immediate noticing, obtained data or monitoring process, REGULATORY COMMISSION concludes that the Licensee did not respect or made considerable violations of the conditions for the license usage, REGULATORY COMMISSION shall undertake the following activities:

- a) It shall warn the Licensee in writing about the noticed failures,
- b) It shall submit information to the respective inspection body for the inspection checking,
- c) It shall issue the offense order,
- d) It shall submit the application for initiating the offense procedure,
- e) It shall temporarily revoke the license for doing activities in the natural gas sector,
- f) It shall issue the procedure related to transfer, cancellation or revocation of the License

**Article 74
(Communication)**

- (1) Official correspondence between the licensee and REGULATORY COMMISSION is done in writing.
- (2) Licensee is obliged to submit to REGULATORY COMMISSION documents and information in original (verified and signed by the person authorized for representation) or in verified copy,
- (3) Documents and information may be submitted also by fax or electronically, provided that the original or verified copy is personally submitted or by mail to the REGULATORY COMMISSION address, no later than seven days from the date of submission by fax or electronically.
- (4) Reports and data which REGULATORY COMMISSION prescribed the forms for, are submitted in the appropriate form and in a way as prescribed by Rule on reporting.

PART SEVEN: PROVISIONAL AND FINAL PROVISIONS

**Article 75
(Cooperation with other regulatory commissions)**

REGULATORY COMMISSION cooperates with other regulatory commissions within the scope of energy in Bosnia and Herzegovina, enabling smooth exchange of information on the submitted applications for licenses, monitoring issues as well as coercive measures and Decisions on them.

Article 76
(Plan of submission of applications)

REGULATORY COMMISSION may make Decision on the plan of submission and treatment of applications for issuance of licenses for energy activities.

**Article 77
(Lega protection)**

- (1) Decision of the Regulatory Commission on issue, extension, amendment, transfer, cancellation or revocation of the license is final.
- (2) The party not satisfied with Decision may initiate the administrative dispute at the competent court.

**Article 78
(Interpretation of the Rule)**

- (1) Interpretation of provisions of this Rule is given by REGULATORY COMMISSION.
- (2) Amendments to the Rule are carried out following the same procedure as it is applied in case of its making.

Article 79
(Cessation of validity)

The Rule for issuance of license (Official Gazette of Republic of Srpska, number 4/09) shall not be valid any more when this rule becomes effective.

Article 80
(Effective date)

This Rule becomes effective on the eighth day from the day of its publication in the "Official Gazette of Republic of Srpska"

Number: 01-260-13/13/R-66/113
July 7 2013
Trebinje

President
Milenko Cokorilo