

RULE BOOK
ON INCENTIVES FOR GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES
AND IN EFFICIENT CO-GENERATION

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Pursuant to Article 29 of the Law on renewable energy sources (Official Gazette of Republic of Srpska, number 39/13) and Article 28 paragraph (1) of the Law on energy (Official Gazette of Republic of Srpska, number 49/09), Article 36 paragraph (2) of the Law on electricity (Official Gazette of Republic of Srpska, number 8/08, 34/09, 92/09 and 1/11), Article 18 paragraph 1 of the Statute of the Regulatory Commission for energy of Republic of Srpska - Cleaned text (Official Gazette of Republic of Srpska, number 6/10) and Article 33 paragraph 1 point a) of the Procedural Rules of the Regulatory Commission for energy of Republic of Srpska (Official Gazette of Republic of Srpska, number 59/10), with the consent of the Republic of Srpska Government, Regulatory Commission for energy of Republic of Srpska in its 70th regular session held on 17 October 2013 made

RULE BOOK ON INCENTIVES FOR GENERATION OF ELECTRICITY FROM RENEWABLE SOURCES AND IN EFFICIENT CO-GENERATION

PART ONE - GENERAL PROVISIONS

Article 1 (Subject)

This Rule prescribes as follows:

- a) terms and conditions and procedure for exercising the right to the incentives;
- b) criteria and procedure for exercising the right to the incentive for generation facilities in exploitation which have completed the reconstruction,
- c) criteria for reduction of the incentive measures for generation facilities which received the state aid during the investment period,
- d) metering, reading and calculation of electricity which the right to the incentive is realized for,
- e) period in which the right to the incentives is exercised for and conclusion of the contract on incentives,
- f) method of determination of the costs of operation of the Incentive System Operator,
- g) method for checking available capacities and amounts of electricity for incentives and issuance of appropriate certificates by the Incentive System Operator,
- h) methodology for determination of the guaranteed feed in tariff of electricity, reference price and premium,
- i) method of determination of the amount of the means needed for functioning of the system for incentives for generation of electricity from renewable sources and in efficient co-generation and method of calculation of the fee for providing such means and

- j) other issues of importance for implementation of the incentive system such as exchange of data in the system of incentives and sale of electricity in the system of the obliged redemption.

Article 2 (Application)

This Rule is applied in the proceedings related to deciding on application of the generator for determination of the rights to incentives for generation of electricity from renewable sources and efficient co-generation, as well as while determining guaranteed feed in tariff and premium and total and unit fee for providing means required for functioning of the system of incentives for generation of electricity from renewable sources and in efficient co-generation.

Article 3 (The purpose of making)

The purpose of making this Rule is to provide for, with the prescribed system of incentives, increase of generation of electricity from renewable sources and in efficient co-generation, namely realization of the indicative goals of shares of electricity consumption from renewable sources and efficient co-generation in the gross final consumption of electricity in Republic of Srpska prescribed by the Action Plan of Republic of Srpska for using renewable energy sources (hereinafter Action Plan).

Article 4 (Terms and expressions)

- (1) Terms and expressions which are used in this Rule shall have the following meaning:

"Balancing" shall mean the settlement in deviations of the realized generation of electricity compared to the notified quantities for taking and sale for a certain period;

"Balance responsibility" shall mean the obligation of the market participants of electricity to balance the generation, consumption and contracted purchase and sale of electricity in the period for which the balance deviation is determined and to take over the financial responsibility for deviation;

"**biomass**" shall mean the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste;

"Bio-gas" is gas which is the result of the anaerobic degradation or fermentation of the organic matters;

"**One's own consumption**" is the consumption of electricity in its own generation facility of electricity, taken from the generator extension;

"**Guaranteed feed in tariff**" is the unit price at which the generator of electricity from renewable energy sources and in efficient co-generation, which exercises the right to the obliged redemption of electricity, sells electricity to the system operator for incentives;

"**Guarantee of origin of electricity**" means a document in an electronic form providing proof to end user that a quantity of energy was produced from renewable sources or in efficient co-generation;

"Efficient co-generation" shall mean co-generation which meets the requirements of the primary energy savings";

"Installed capacity of the generation facility" shall mean a sum of the rated capacities of all turbines in the facility or all generators, provided that the facility does have an operational machine (turbine), expressed in kW;

"Co-generation" shall mean the concurrent generation of heat and electric or mechanic energy in one process;

"The fee for stimulating generation of electricity from renewable energy sources and in efficient co-generation" is an additional amount of money to the electricity price which is charged to all end users in the Republic of Srpska, including the eligible customer and which is used for stimulating generation of electricity from renewable energy sources and in efficient co-generation;

"**Net measuring**" shall mean the difference between the taken and delivered electricity measured at the two-direction measuring device of the end user which connecting capacity corresponds to the installation fuse of 63 A at most and which provides a part of its own needs through its own generation of electricity from renewable sources;

"**Net generated electricity**" shall mean the generated electricity measured at the plant threshold, i.e. the generated electricity reduced for its own consumption which is delivered to the electric network;

"**New facilities**" shall mean the facilities which started operating after January 1, 2012;

"**System operator**" shall mean the operator of transmission, namely distribution system;

"**System operator for incentives (SOI)**" shall mean the authority dealing with administrative-financial and other operational activities of the system for

stimulating generation of electricity from renewable sources and efficient co-generation;

"Certificate for capacity" shall mean the certificate which, as requested by the Regulatory Commission, is issued by the System operator for incentives for individual generation facility and which contains data on generation of electricity from renewable sources or in efficient-cogeneration for which it has already been exercised or may be, pursuant to the Action Plan, exercised the right to obliged redemption at the feed in price or right to the premium;

"Premium" shall mean a part of the guaranteed feed in tariff which compensates generator of electricity from renewable sources and efficient cogeneration for the average unit costs of electricity, specific for some technologies which exceed the amount covered by the reference price;

"Rule book on certificate" shall mean the Rule on the issuance of certificates for generation facility which generates electricity using renewable energy sources or in efficient co-generation made by Regulatory Commission;

"Consumption for one's own needs" shall mean consumption of electricity in its own facilities in which it is not included consumption of electricity of its own generation facilities;

"Generator" shall mean a legal or physical person that generates electricity whereby a physical person, in a sense of this Rule, should be registered as the entrepreneur if he requires the obliged redemption at the feed in price or premium;

"Generation facility" shall mean a set of equipment and installation which constitutes the independent operation for transformation of other energy forms in electricity or several individual sets of that kind which have one, joint point of takeover of the electricity generated. While issuing the certificate, the Regulatory Commission decides about on what is meant by the individual generation facility taking into account the following: the contract on concession if applicable, approval for construction, documents related to connection, evidence on registration of the project, approval for use as well as achievement of the purpose-serving quality of the certificate issuance;

"Reference price" shall mean the wholesale price of electricity (regulated in the transitional period till complete market opening or market);

"Register of projects" shall mean the uniform evidences on projects from the renewable energy sources and in efficient co-generation which is established and kept by the Ministry of industry, energy and mining;

"Decision on the right to the incentives" shall mean Decision issued by Regulatory Commission at the request of the generator of electricity for the facility which was built and commissioned, proving that such generator meets conditions for fulfillment of incentives of the obliged redemption, guaranteed feed

in tariff or premium and based on which generator concludes the contract with System operator for incentives;

"Decision on the preliminary right to the incentive" shall mean Document issued by the Regulatory Commission at the request of generator of electricity for the facility which is in preparation (the approval for construction issued) proving that such a generator/investor shall exercise the right to the incentive of the obliged redemption at the guaranteed feed in price or right to the premium, pursuant to provisions of this Rule if it construct the generation facility till determined deadline and pursuant to the project documents;

"Supplier" shall mean a legal person which carries out the sale, including re-selling of electricity to customers;

"Certificate for generation facility" (hereinafter Certificate) is a document issued to generator of electricity for individual generation facility proving that such a facility meets the prescribed conditions for the concurrent generation of electric and heat energy with high level of efficiency or for generation of electricity using the waste or renewable energy sources in a cost-appropriate way harmonized with regulations within the scope of protection of environment and in which the metering of all energy items has been provided;

"Market price" shall mean the price of electricity at the market where buyers and sellers of electricity from Republic of Srpska have a possibility for electricity trading;

"Costs of balancing" shall be costs which the market participants are charged for by the system operator or balance responsible party for the purposes of settlement of deviations from the realized generation compared to the notified scheduling;

(2) Apart from terms stated in the paragraph (1) of this Article, the terms used in this Rule were covered by the Law on renewable energy sources and efficient co-generation, Law on Energy, Law on electricity (hereinafter Law) and secondary legislation of the Regulatory Commission.

PART TWO – SYSTEM OF INCENTIVES

Chapter I – Types of incentives and eligibility for exercising rights to incentives

Article 5 (Types of incentives)

(1) Types of incentives for generation of electricity from renewable sources or in efficient co-generation are as follows:

- a) Benefits while connecting to the network,
- b) Advantages in access to the network (dispatching),

- c) Right to the obliged redemption of electricity,
 - d) Right to the feed-in tariff,
 - e) Right to the premium for consumption of electricity for its own needs or sale at the market;
- (2) Generators of electricity from renewable sources and in efficient co-generation may, pursuant to provision of this Rule, be granted one or more types of incentives referred to in paragraph (1) of this Article.

Article 6 **(Eligibility for exercising rights to the incentives)**

- (1) The right to the incentives referred to in Article 5 of this Rule may be exercised by the generator of electricity in a new facility if:
- a) It generates electricity using renewable energy sources in cost-effective way and complying with protection of environment in generation facility as follows:
 - Hydro power plant, the capacity of 10 MW inclusive,
 - Wind farm,
 - Solar plant with the photo-voltaic cells of the installed capacity of up to 1 MW inclusive,
 - Geo-thermal facility of the installed capacity of up to 10 MW inclusive,
 - Facility using bio-mass of the installed capacity of up to 10 MW inclusive,
 - Facility using bio-gas of the installed capacity of up to 1 MW inclusive;
 - b) It generates electricity in efficient co-generation facility, the capacity of 30 MW inclusive,
 - c) Installed capacities, namely generation of electricity in generation facilities which use renewable energy sources or efficient co-generation which the right to the incentives is exercised for, do not exceed the amounts for incentives as determined by the Action Plan.
- (2) The right to the incentive referred to in Article 5 of this Rule cannot be exercised by the generator of electricity if he installed the used equipment during the construction of his facility.
- (3) The equipment referred to in paragraph (2) of this Article is meant by basic components of the generation facility: turbine, generator, photo-voltaic panels and boiler facility.
- (4) The right to the incentive referred to in Article 5 cannot be exercised by the generator if he performs the activity of generation within the same legal person which performs the system operator function.
- (5) Generator of electricity which generates electricity in the facilities using biomass or biogas may exercise the right to the incentive for electricity generated by using only these types of fuel, what he is obliged for to provide appropriate metering.

Chapter II Benefits while connecting to the network and advantages in the access to the network

Article 7

(Method of getting rights to benefits while connecting to the network)

- (1) In order to be granted the right to benefits while connecting to the network, generator/investor while filing an application for issuance of the electric power consent to the system operator, submits evidences that it plans for construction of the generation facility which meets requirements referred to in Article 6 of this Rule, point a) or b) and paragraph (4) of this Rule.
- (2) System operator obtains from the System operator for incentives (SOI) the certificate for the capacity proving that, at the moment of filing application, total capacities of the connected generation facilities which uses renewable sources and/or efficient co-generation and for which the granted right for incentives do not exceed the amounts for incentives as defined by the Action Plan.
- (3) If the requirements referred to in paragraphs (1) and (2) of this Article are met, Transport system operator grants generator/investor advantages while connecting, pursuant to the appropriate regulations and connects the generation facility to its network.
- (4) If the requirements referred to in Article 8, paragraph (2) of this Article are met, Distribution system operator grants generator/investor advantages while connecting pursuant to that paragraph and connects the generation facility to its network.
- (5) The facility which the incentives was granted for pursuant to paragraph (3) and (4) of this Article, generator is obliged to, at the request of the system operator, submit the Certificate within the deadline prescribed pursuant to the planned period of connecting referred to on the electric power consent or contract on connection.
- (6) Generator that was granted the right to advantages while connecting, pursuant to the paragraph (3) and (4) of this Article, and hasn't within the deadline defined by paragraph (5) of this Article, submitted Certificate, is obliged to reimburse the system operator for the costs occurred while providing benefits while connecting to the network.

Article 8

(Advantages while connecting to the distribution network)

- (1) Distribution system operator is obliged to submit to each new generator using renewable energy sources or efficient co-generation and which asks for connection to the distribution network the following:
 - a) A detailed analysis of possibilities and conditions for connection, technical solution of necessary modifications at the existing network for the purposes of providing conditions for connection of the facility, as well as the estimate of costs of connecting of the facility to the distribution network;
 - b) Reasonable and precise timeframe for realization of the proposed method of connection;

In which it is obliged to issue the electric power consent pursuant to provisions of the Law on general administrative proceeding;

- (2) Distribution system operator develops at its own expense the analysis referred to in paragraph (1) of this Article provided that the generator/investor submits evidences on plans for construction of the following:
 - a) generation facility for generation of electricity using renewable energy sources in a cost-effective way and complying with protection of environment as follows:
 - hydro power plant the capacity of 10 MW inclusive,
 - the wind farm the capacity of 10 MW inclusive,
 - solar plant with photo-voltaic cells of the installed capacity of 1 MW inclusive;
 - geo-thermal facility of the installed capacity of up to 10 MW inclusive,
 - the facility using solid biomass the capacity of 10 MW inclusive,
 - the facility using agricultural biogas the capacity of 1 MW inclusive,
 - b) Efficient co-generation facility of the installed capacity of up to 10 MW inclusive,

and if the installed capacities in the connected generation facilities which use renewable energy sources or efficient cogeneration for which the right was exercised to the incentive do not exceed the amounts for stimulating determined by the Action Plan.

- (3) Generator bears real costs of non-standard connection to the distribution network till the point of connection and real costs of required modifications at the existing network pursuant to provisions of the Rule on methodology for connection to the distribution network.

Article 9

(The Rule book on method, terms and procedure of connection to the distribution network)

- (1) Distribution system operator, with the consent of the Regulatory Commission, makes Rule book defining the method, terms and conditions and procedure for connection to the distribution network of generation facilities which use renewable energy sources and efficient co-generation.
- (2) The Rule book referred to in paragraph (1) of this Article should contain the precisely prescribed procedure for the distribution system operator to act per the application for issuance of the electric power consent and application for connection of the generation facility which uses renewable energy sources.
- (3) The Rule book referred to in paragraph (1) of this Article should contain the principled schemes with disposition of the metering devices which should provide metering of the items prescribed by the Rule book on certificate for generation facility which generates electricity from renewable energy sources or in efficient co-generation depending on the type of sources which is used

for generation of electricity and purpose of electricity generation (generation for the purposes of delivery to the network: generation for one's own needs; generation for one's own needs and delivery to the network).

- (4) The Rule book referred to in paragraph (1) of this Article apart from the statements stated in paragraphs (1), (2) and (3) of this Rule book should also contain the following:
- a) Precisely prescribed procedure for exercising rights to advantages while connecting to the distribution network,
 - b) Rules and criteria for allocation of costs of technical adaptation, reinforcement and improvement of the network between new generators of electricity from renewable energy sources and efficient co-generation,
 - c) Terms and procedures for buyout of electricity generated in the testing period and
 - d) Method, terms and procedure for connection to the network of the generation facility namely the structure of end user who exercises the right to the takeover applying the principle of net metering..

Article 10

(Advantage in the access to the network)

- (1) Generator which is granted the right to the obliged redemption at the feed-in tariff or obliged redemption for old facilities in exploitation is obliged to notify daily schedule of operation (scheduling) to the System operator for incentives, other than in a case when the installed capacity of generation facility is less than 500 kW.
- (2) System operator for incentives and system operator which network the facility is connected to are obliged to provide for the generator that is granted the right to the obligatory redemption at the feed in tariff or obligatory redemption for old facilities in exploitation the advantage in the access to the network (dispatching) pursuant to the notified daily schedule of operation (scheduling) complying with technical limits of the electric power system, in total or partly.
- (3) Generator referred to in paragraph (1) of this Article that is obliged to notify daily schedule of operation, pays 25% of the balancing costs, while the rest of the costs shall be reimbursed by the fee for renewable sources and efficient co-generation.
- (4) Generator of electricity which sells electricity at the market and gets the right to the premium provides, by itself, the access to the network, belonging to the balancing group and bears the costs of balancing.

Chapter III – The right to the obliged redemption, feed-in tariff and premium

Article 11

(Right to the obliged redemption)

- (1) Right to the obliged redemption grants generators of electricity from renewable energy sources and in efficient co-generation the redemption of generated electricity at circumstances and the price prescribed by this Rule.
- (2) Right to the obliged redemption of electricity generated in generation facilities which generate electricity from renewable energy sources or in efficient co-generation is achieved at:
 - a) the right to the feed in price,
 - b) the right to the takeover following the principle of net-metering,
 - c) the right to the obliged redemption in the testing period;

Article 12
(Right to the guaranteed redemption price)

- (1) The following types of incentives are entitled to the right to the obliged redemption at the guaranteed feed in price of electricity generated in the generation facilities which generate electricity from renewable energy sources or in efficient co-generation:
 - a) the right to the guaranteed redemption price (complete),
 - b) partial right to the guaranteed redemption price,
- (2) Apart from the obliged redemption at the guaranteed redemption price referred to in paragraph (1) of this Article, the generator of electricity from generation facility which generates electricity from renewable energy sources or in efficient co-generation may also be granted:
 - c) the right to the obliged redemption at the reference price (guaranteed redemption price reduced for the premium);

Article 13
(Right to the premium)

Generators that are not in the system of the obliged redemption are entitled to the premium for electricity generated in generation facilities which generate electricity from renewable energy sources or in efficient co-generation such as:

- a) the right to the premium for sale of electricity at the market of Republic of Srpska,
- b) the right to the premium for consumption of electricity for one's own needs;

Article 14
(Criteria and conditions for getting a right to the obliged redemption at the feed-in tariff)

- (1) Generator of electricity from renewable sources or in efficient co-generation may get a right to the obliged redemption at the feed-in redemption price if it files a complete application for getting a right to the incentive and provided that:
 - a) It meets criteria prescribed by the Article 6, paragraph (1) point a) or b) of this Rule, other than generation facility for wind which installed capacity is more than 10 MW and efficient co-generation facility which installed capacity is more than 10 MW and less than 30 MW and provisions of Article 6 paragraph (2), (4) and (5) of this Rule;
 - b) It has Certificate issued by Regulatory Commission pursuant to the Rule on certificate;
- (2) The right to the obliged redemption at the guaranteed feed-in tariff is granted if, apart from the criteria and conditions referred to in paragraph (1) of this Article, the conditions prescribed by Article 6, paragraph (a) point c) of this Rule are also met, which is proven by Certificate for energy.

Article 15
(Criteria and conditions for getting a right to the premium)

- (1) Generator of electricity from renewable sources or in efficient co-generation is entitled to the premium for generated electricity which is used for consumption for its own needs or sale at the market, if it meets criteria and conditions prescribed by Article 14, paragraph (1) and Article 6, paragraph (1) point c) of this Rule and if it hasn't got the right to the obliged redemption at the feed in tariff.
- (2) Apart from the generator referred to in paragraph (1) of this Article, the right to the premium is also assigned to the generator of electricity from efficient co-generation facility which installed capacity is more than 10 MW, and less than 30 MW and generator of electricity from generation facility for wind which installed capacity is more than 10 MW, if it has Certificate and meets criteria and conditions prescribed by Article 6, paragraph (1) point c) of this Rule.
- (3) Premium for a part of generated electricity which serves for covering consumption for its own needs is equal to the premium for the sale on the Republic of Srpska market.
- (4) Generator of electricity which is granted the right to the premium for consumption of electricity for its own need may deliver the surplus of generated electricity to the network at the guaranteed feed in tariff or get a premium for sale of such energy at the Republic of Srpska market.
- (5) Generator of electricity from renewable sources or in efficient co-generation is entitled to the premium for consumption for its own needs or sale at the Republic of Srpska market provided that the market price is lower than the guaranteed feed-in tariff.

Article 16

(Partial right to the feed-in tariff or premium and right to the obliged redemption at the reference price due to limits in quantities defined by the Action Plan)

- (1) In case that the requirements prescribed by Article 6, paragraph (1) point c) of this Rule are partly met, and that pursuant to the Certificate for energy for generation facility which generates electricity from renewable sources or in efficient co-generation, only a part of the planned generation can be stimulated, generator of electricity is entitled to the guaranteed feed-in tariff or premium for that part of generation.
- (2) Generator of electricity from renewable sources or in efficient co-generation referred to in paragraph (1) of this Article is entitled to:
 - a) Sell a part of electricity for which it can not be granted the right of redemption at the feed-in tariff to the System operator for incentives at the reference price for the obliged redemption or
 - b) Sell all electricity generated to the market, whereby for a part of the sold electricity for which it can be granted the right to the incentives, it gets a premium.
- (3) In case that the requirements prescribed by Article 6 paragraph (1) point c) of this Rule are not met, generator of electricity from renewable energy sources or in efficient co-generation is entitled to the obliged redemption at the reference price, if not being able to provide the placement of generated electricity at the market by himself.
- (4) Regulatory Commission submits to the generator which may be granted only a partial right to incentives, draft Decision in order to get his statement on the offered options referred to in paragraph (2) and (3) of this Article.

Article 17

(The right to the takeover following the principle of net metering)

- (1) End user connected to the voltage level at 0,4 kV which connecting capacity corresponds to the installation fuse of up to 63 A at most, which provides electricity for its own needs also by its own generation of electricity from generation facilities using renewable energy sources which installed capacity does not exceed 44 kW can take over and deliver electricity from/to distribution network following the principle of “net measuring”, having obtained Decision of the Regulatory Commission.
- (2) In order to obtain Decision on the right to the takeover following the principle of net measuring, the end user referred to in paragraph (1) is obliged to possess the Certificate and submit the filled in application to the Regulatory Commission.
- (3) Distribution system operator is obliged to, within the scope of the act referred to in Article 9, paragraph (1) of this Rule, prescribe the method, conditions and procedures for connection of end user, namely generation facility referred to in paragraph 1 of this Article to the network, and accordingly and pursuant to

other regulations, provide necessary technical conditions and connect the structures of end users, in order to provide full operation of the principle of the net metering.

- (4) Distribution system operator is obliged to read the metering device and inform the System operator for incentives and supplier of end users on the realized generation, namely consumption of electricity of end user which is granted the right to the takeover of electricity following a principle of net measuring
- (5) Supplier of end user is obliged to, at the request of end user which has Decision referred to in paragraph (2) of this Article conclude the contract on the takeover of electricity following the principle of net metering.
- (6) Net condition of the two-direction metering device of the active electricity is the base for calculation and payment or settlement between the contracting parties for the taken, namely delivered electricity
- (7) If the reading of the two-direction metering device of the active electricity in the calculation period proves that the end user took more electricity than delivered to the network, the end user pays the difference between the electricity taken and delivered, pursuant to the contracted tariff rates for supply..

Article 18

(The right to the incentive after the facility reconstruction)

- (1) Generator of electricity in the facilities in exploitation, in which the reconstruction was made, which generates electricity from renewable sources or operate in efficient co-generation is entitled to the obliged redemption at the guaranteed feed in price of the right to the premium for a part of generated electricity being the result of increase of the capacity obtained by reconstruction.
- (2) Generation of electricity for which it is granted the right to the incentive as the result of the capacity increase is determined while deciding on the right to the incentive and based on the percentage of the increase of the capacity of the generation facility.

Article 19

(Right to the obliged redemption in the testing operation)

- (1) Generator of electricity from renewable sources or in efficient co-generation which meets conditions prescribed by Article 6, paragraph (1) point a) or b) of this Rule and paragraph (2) of this Rule other than the wind farms and facilities in efficient co-generation of the capacity of more than 10 MW, and which structures are connected to the distribution network is entitled to the obliged redemption in the testing operation, free of obligation to obtain Decision of the Regulatory Commission on the right to the incentives and Certificate for energy.
- (2) Distribution system operator is obliged to at the request of generator of electricity from renewable sources or in efficient co-generation conclude a contract on the obliged redemption of electricity which is generated by these generators in the testing operation.

- (3) Generator of electricity referred in paragraph (1) of this Article that wants to conclude with the distribution system operator the contract on the obliged redemption in the testing operation, is obliged to, at the request submit evidences ensuring that it meets conditions prescribed by Article 6, paragraph (1) point a) and b) and paragraph (2) of this Rule.
- (4) Distribution system operator is obliged to, within the scope of the act referred to in Article 9 of this Rule, prescribe the conditions and procedures for redemption of electricity generated in the testing operation of the facility which uses renewable sources or efficient co-generation and meets conditions prescribed by Article 6, paragraph (1) point a) or b) and paragraph (2) of this Rule as well as provisions regarding validity period of the testing operation.
- (5) The price of redemption of electricity generated in the testing operation is equal to the price of electricity for covering distribution losses.
- (6) Generator of electricity referred to in paragraph (1) of this Article is entitled to the obligatory redemption pursuant to provisions of this Article, upon expiry of the testing period no later than six months, everything for the purposes of obtaining the license for doing activity, Certificate, Decision on the right to the incentive, conclusion of the Contract with the System operator for incentives or conclusion of the Contract on sale with other participant in the electricity market.

Article 20

(Reduction of the incentive in case of the state aid while investing)

- (1) Generator of electricity from renewable energy sources or in efficient co-generation is reduced the guaranteed feed in price referred to in Article 14 of this Rule or the premium referred to Article 15 of this Article, provided that it received the state aid while investing.
- (2) The state aid referred to in paragraph (1) of this Article is meant by any direct or indirect assistance in sense of financial assistance, material, equipment, subsidies and tax reliefs.
- (3) Valorization of the state aid referred to in paragraph (2) of this Article as well as the calculation of reduction is done pursuant to Article 53 of this Rule.

Article 21

(Application for getting a right to the incentives)

- (1) Application for getting a right to the incentives for the facility which was built and commissioned is submitted to the Regulatory Commission for the purposes of realizing the following types of incentives:
 - a) The right to the obliged redemption at the feed-in tariff (complete or partial or at the reference price);
 - b) The right to the premium for consumption for one's own needs;
 - c) The right to the premium for electricity sold at the Republic of Srpska market;
 - d) The right to the obliged redemption following the principles of net measuring;

- (2) The application is submitted in the prescribed form and the application is necessarily accompanied by the following documents (original or verified copy):
- a) Proof of the responsible Ministry on registration with the Register of projects;
 - b) Certificate for generation facility which generates electricity from renewable energy sources;
 - c) The usage license of the generation facility proving that it is about a new generation facility;
 - d) Contract on connection to the distribution network and/or Contract on connection and approval for connection to the transmission network;
 - e) Register of fixed assets (if applicable);
 - f) Analytic card with the historical data on equipment (if applicable),
 - g) Evidences that basic components of the generation facility were not previously used (one or more proves such as data on the year of generation; bill on procurement of equipment or works; contract with generator/supplier; declaration of the generator/supplier and similar evidences unambiguously proving that the installed equipment was not previously used);
 - h) Statement of the authorized person of the applicant, verified by the person authorized for representation, who confirms under penalty that the installed basic components of the generation facility were not previously installed or used;
 - i) Analytic evidence of assets obtained through donation or state aid (expressed pursuant to ISO 20) (if applicable);
 - j) Total value of the investment and total value of the received state aid (if applicable);
 - k) Statement of the authorized person of the applicant verified by the competent authority who confirms under penalty that for the construction of the generation facility which he submits an application for he has not received the state aid (statement is not submitted in case of the state aid received and if the evidences referred to in point i) and j) are submitted;
- (3) The application, signed and verified by the authorized person for representation, is submitted by the registered mail or directly to the Docket of the Regulatory Commission.
- (4) The application is considered complete when the applicant submits the properly filled in application, a copy of the Certificate and other accompanying documents, original or verified copy, prescribed in the point (2) of this Article.
- (5) For one generation facility, the application may be submitted for only one type of incentives referred to in paragraph (1) of this Article, other than in case referred to in point b) paragraph (1) as prescribed in Article 15 paragraph (4) of this Rule.
- (6) Regulatory Commission publishes the notice on receipt of the complete application at its web site.
- (7) Regulatory Commission may, exceptionally, make Decision on holding public hearing in case when it estimates that it is necessary to collect additional evidences for making fair decision following the application for getting a right to the incentives.

- (8) The application form for getting a right to the incentives, as well as the statement forms referred to in paragraph (2) point h) and k) of this Article is given in the Annex 1 of this Rule, being an integral part of this Article.

Article 22

(Application for getting a right to the incentive after the facility reconstruction)

Applicant for getting a right to the incentive for the facility in exploitation which generates electricity from renewable energy sources or in efficient co-generation which capacity has been increased after the reconstruction, along with the application which is submitted pursuant to provisions of Article 21, necessarily encloses as follows:

- a) Electric power consent of the generation facility before and after the completed reconstruction;
- b) Usage license before and after the completed reconstruction;
- c) Evidence which the authorized institution proves the amount of the increased capacity after reconstruction.

Article 23

(Deciding on the allocation of rights to the incentives)

- (1) Regulatory Commission decides on the application for getting a right to the incentives based on the complete application and certificate for energy obtained from the System operator for incentives and no later than 30 days counting from the date of admittance of the complete application by the Regulatory Commission, other than in case referred to in Article 21 paragraph (7) of this Rule, in which case the deadline may be extended for 30 days at most.
- (2) Provided that all criteria and conditions for allocation of the rights to the incentives for generation facility which generates electricity from renewable sources or in efficient co-generation are met, Regulatory Commission in its regular session makes final decision on the allocation of rights to incentives in the form of Decision.
- (3) Regulatory Commission shall refuse the application if all criteria and conditions prescribed by this Rule are not met.
- (4) If the Regulatory Commission receives several applications for allocation of incentives for generation of electricity from renewable sources or in efficient co-generation which in total amount exceeds the annual quantity limits for incentives prescribed by the Action Plan, the schedule of allocation of incentives is determined following the order of submitted complete application directly or by the registered mail.
- (5) The applicant which submits the application by the registered mail is obliged to provide for the receipt of the exact time of the application submission to the post and to provide the Regulatory Commission with it, in a case that no data on the time of submission is stated, it will be considered that such an application was the latest application submitted that day.

- (6) In case that the beneficiary of the previously granted right to the incentive wants to change the type of incentive, it must submit a new application to the Regulatory Commission.
- (7) Regulatory Commission analyzes the application and in case that there are conditions for a change of the incentives, it makes a new decision on the right to the incentives.
- (8) The beneficiary for incentives may request modification referred to in paragraph (6) of this Article upon expiry of two (2) years from the date of issuance of the previous decision.

Article 24 **(Decision on the right to incentives)**

- (1) Decision on the right to the incentives should contain;
 - a) Data on generator,
 - b) Data on generation facility,
 - c) Type of incentives,
 - d) Planned annual generation of electricity,
 - e) Amounts of electricity which are stimulated pursuant to the Certificate on energy,
 - f) Data on location of the metering point, metering set for metering of generation and/or consumption of electricity which is being stimulated, namely the method of determination of the calculating items,
 - g) Validity period of the right to the incentives.
- (2) Rational on the right to the incentive may also contain the time dynamics in which the generator may exercise the right to the guaranteed redemption price or premium, in case of being granted a partial right to the guaranteed redemption price or premium, harmonized with the amounts to be stimulated determined by the Action Plan.
- (3) Decision on the right to the incentives is submitted by the Regulatory Commission to the applicant, system operator and System operator for incentives (SOI).
- (4) In case of change of the Certificate based on which the Decision on the right to the incentive was issued, i.e. issuance of new Certificate due to change of data that do not affect the conditions for realization of the right to the incentive (such as replacement of the metering devices, change of the one-line scheme, change of declaration on the connection and similar), changes of these data shall be valid in the system of incentives, till new decision on the right to the incentives is made that shall include these changes which the Regulatory Commission makes at its own initiative.

Article 25 **(Duration of the right to the incentives)**

- (1) Generators of electricity in new generation facilities which get the right to the incentives pursuant to provisions of this Rule are entitled to the obliged

redemption of electricity at the guaranteed feed-in tariff or the right to the premium in the period of fifteen (15) years from the date when the right granting to the obliged redemption at the guaranteed feed-in tariff or right to the premium started.

- (2) Effective date of the getting right to the obligatorily redemption at the guaranteed feed-in tariff or premium is considered to be the moment when generator starts, fully or partly, selling electricity in the system of the obliged redemption at the guaranteed feed-in tariff or receiving premium for sale of electricity at the market in the amount which corresponds to the amount or is more than a half of the planned annual generation of generation facility, which is determined by Decision on the right to the incentives.
- (3) Effective date of the generation facility is calculated from the date of issuance of the usage license, namely in the period of 60 days from the date of the first connecting to the network for the generation facility which the usage license is not issued for.

Article 26

(Contracting for the purposes of realization of rights to incentives)

- (1) Generator of electricity from renewable sources or in efficient co-generation which obtained Decision of the Regulatory Commission on the right to the incentives concludes one of the contracts on the incentives stated in the Article 38, paragraph (2) with System operator for incentives (SOI).
- (2) Validity period of the contract on the obliged redemption during which generator of electricity from renewable sources or in efficient co-generation is entitled to unchangeable guaranteed feed-in tariff is determined in Decision on the right to the incentives, everything pursuant to Article 25 of this Rule.
- (3) Contract on payment of the premium is concluded following the generator application for the validity period of the right to the incentive determined in the Decision on the right to incentives, whereby the premium amount is regularly harmonized with Decision made by the Regulatory Commission on the amount of the premium or the period of one year, and it may be renewed pursuant to the validity period of the right to the incentive determined by Decision on the right to the incentive.
- (4) System operator for incentives is obliged to, based on Decision on the right to incentives provide the generator with conclusion of the contract on the obliged redemption or contract on the premium at his request and no later than 15 days from the date of receipt of the application for the contract conclusion and to provide the metering device reading with the system operator.
- (5) Contract on the partial obliged redemption at the guaranteed feed in price or the contract on the premium for the facilities referred to in Article 16 of this Rule is concluded pursuant to dynamics of the right exercising to the incentive of the whole amount of the generated electricity stated in Decision on the right to the incentive.
- (6) Contract on the obliged redemption at the reference price (guaranteed redemption price reduced for the premium) is concluded by Decision on the incentive exercising, and based on data referred to in the Certificate for energy and possible deadline for the rights' exercising on the guaranteed feed in price.

Article 27
(Loss of the right to the incentives)

- (1) Regulatory Commission cancels Decision on the right to the incentives in case when generator of electricity from renewable sources does not extend the validity period of the Certificate, namely if its Certificate is no more valid for other reasons.
- (2) Regulatory Commission cancels Decision on the right to the incentives in case Decision was made based on the false data.
- (3) Regulatory Commission may cancel the right on the incentive if generator does not fulfill the requirements referred to in the Contract on incentives.
- (4) Regulatory Commission cancels Decision on the right to incentives in case when generator, without existence of justified reasons, does not conclude the contract on the obliged redemption at guaranteed feed-in tariff or contract on payment of premium with System operator for incentives no later than 60 days from the date of getting right to the incentives.
- (5) Regulatory Commission cancels decision on the right to the incentive in case when generator of electricity in co-generation facility does not obtain Certificate.
- (6) If Generator of electricity in co-generation facility within the calculating period does not achieve efficiency in co-generation in the amount of the reference value determined in the Rule book on certificate and cannot obtain the Certificate, he is obliged to compensate the System Operator for incentives for the amounts paid for the purposes of the premium for the past period.
- (7) On the basis of the notice made by Regulatory Commission, System operator for incentives (SOI) charges the generator referred to in paragraph (1), (2), (3) and (6) of this Article for return of the amount of the premium, which is more paid.
- (8) Based on the notice made by Regulatory Commission on cancellation of Decision on the right to incentives, System operator for incentives (SOI) terminates the contract on the allocation of incentives.

Article 28
(Metering, reading and calculation of energy)

- (4) System operator is responsible for verification of the characteristics and reading of all metering devices which serve for measuring of electricity which was generated at the generator, net generated electricity which was delivered to the network, electricity used as the auto-consumption exclusively for the needs of operation of the generation facility of its own and electricity used for the own needs which is used in the generator's structures for other purposes.
- (5) Calculation of electricity delivered in the system from the generation facility for which the right of the obliged redemption at feed-in tariff is granted, the right of the obliged redemption for old facilities in exploitation or the right to the premium is made on the basis of the read net generated electricity, measured at the metering point as stated in the Certificate and contracts concluded with the System operator and System operator for incentives.

- (6) Calculation of electricity delivered for consumption for auto-consumption from generation facilities which are granted the right to the premium is made on the basis of reading of energy metered at the metering point which has been separately installed for metering of consumption for the own needs.

Article 29 (Prices)

- (1) Electricity prices for obliged redemption at the guaranteed feed-in tariff, prices and amount of the premium is determined, pursuant to the methodology prescribed by this Rule, by special decision of the Regulatory Commission, which the Government of RS gives its consent to.
- (2) Regulatory Commission pursuant to Article 51 of this Rule, at least once a year, checks a level of the guaranteed feed in prices and premium and if necessary modifies them according to the new decision, which the Government of RS gives its consent to.
- (3) While concluding the contract on the obliged redemption, at the guaranteed feed in prices, the prices referred to in Decision being effective at the moment of the contract concluding, are applied, except in case of major changes of the exchange rate of the convertible Mark compared to the exchange rate of Euro prescribed by provisions of Article 52 of this Rule.
- (4) While concluding the first contract on the premium payment for electricity realized at the market or consumed for one's own needs, the prices referred to in Decision being effective at the moment of the contract conclusion are applied, whereby the amount of the premium in the next period is regularly harmonized with Decision of the Regulatory Commission on the amount of the premium, which the Government of RS gives its consent to.
- (5) The prices for the obliged redemption at the reference price (guaranteed feed in price reduced for the premium) amounts to the average price at the plant outlet for supply of tariff customers, determined pursuant to provisions of the Rule book on tariff methodology and tariff proceeding, for the period till the expiry of the transitional period referred to in Article 44 of this Rule, and for the period after full market opening it amounts to the average selling price at which the System Operator for incentives sells electricity generated from renewable energy sources or in efficient co-generation at the market, whereby the amount of the reference price in the redemption period is regularly harmonized with Decision of the Regulatory Commission which the Republic of Srpska gives its consent to.
- (6) In case of considerable deviations of the exchange rate of the Convertible Mark in EUR in Bosnia and Herzegovina, Regulatory Commission re-examines and if needed, with the consent of the Republic of Srpska Government, modifies the guaranteed feed in tariffs which were effective at the moment of the contract conclusion of the obliged redemption at the guaranteed feed in price.

Chapter IV Possibility of exercising the preliminary right to the incentive

Article 30
(Preliminary right to the incentive)

- (1) Generator of electricity from renewable sources or in efficient co-generation which, pursuant to provisions of this Rule book may be granted the right to the incentive of the obliged redemption at guaranteed feed in tariff or premium, may, at its own request, before finishing the construction of the generation facility and before obtaining Certificate for such a facility, obtain Decision of the Regulatory Commission on preliminary right to the incentive provided that it meets terms and conditions and criteria as prescribed by Article 14, namely Article 15 paragraph (2) of this Rule book, other than a condition that it has a Certificate;
- (2) Generator that obtains the Decision of the Regulatory Commission on the preliminary right to the incentive is entitled to, pursuant to that Decision, conclude the pre-contract with the System Operator for incentives, and accordingly reserve the amounts in the system of incentives for the purposes of exercising full right to the obliged redemption at the guaranteed feed in price or premium.
- (3) Generator of electricity in the facilities which capacity is more than 250 kW are obliged to, before signing the pre-contract on incentives referred to in paragraph (2) of this Article make the financial deposit or submit the bank guarantee to the System Operator for Incentives in the amount of 2% of the investment value.
- (4) The purpose of the right exercising referred to in paragraph (1) and (2) of this Article is to reserve the amount in the system of incentives for the right exercising to the obliged redemption at the guaranteed feed in price or premium, while the price of the obliged redemption at the guaranteed feed in price or premium is determined once the generation facility is constructed and decision on the incentive is obtained, and while concluding the contract on incentives with the System Operator for incentives/

Article 31
(Application for getting a preliminary right to the incentive)

- (1) Application for getting a preliminary right to the incentive for the structure which is in the preparatory period is submitted to the Regulatory Commission for the purposes of granting of preliminary right to one of the following types of incentives:
 - a) the right to the obliged redemption at the guaranteed feed in tariff;
 - b) the right to the premium for consumption for its own needs;
 - c) the right to the premium for sale of electricity at the market;
- (2) Application is submitted and verified by the person authorized for legal representation and submitted by the registered mail or directly in the Docket of the Regulatory Commission.
- (3) Application is submitted in the prescribed form and the following documents are necessarily to be enclosed:
 - a) Study of the economic justification,

- b) Evidence on registration of the project with the register of projects,
 - c) Approval for construction of generation facility issued by the competent authority pursuant to provisions which arrange the construction field of work and
 - d) Evidence that the construction of generation facility is on (one or more evidences such as the certificate of the construction inspector that the construction is on, contract with contractors, contract with the equipment supplier and similar evidences which unambiguously confirm that the construction is on).
- (4) Application is considered to be complete when the applicant submits properly filled in form and other accompanying documents prescribed in the paragraph (3) of this Article confirming the data referred to in the application.
- (5) Regulatory Commission publishes Notice on receipt of the complete application at its web site.
- (6) The application form for getting a preliminary right to the incentives is attached in the Annex 2 of this Rule book.

Article 32
(Deciding on the preliminary right granting to the incentive)

Regulatory Commission makes decision on the application for the granting of the preliminary right to the incentive in the form of Decision, applying the rules of the procedure prescribed by provisions of Article 23 of this Rule book, which are valid for making Decision on the incentive.

Article 33
(Decision on the preliminary right to the incentive)

- (1) Decision on the preliminary right to the incentive contains:
- a) Data on generator,
 - b) Data on generation facility,
 - c) Type of incentives which the generator plans to use,
 - d) Planned generation of electricity,
 - e) Amounts of electricity which are planned to be stimulated pursuant to the Certificate on energy,
 - f) Planned effective date of operation of the generation facility,
 - g) Validity period of the preliminary right to the incentives;
- (2) Rationale of the Decision on the preliminary right to the incentives may also contain the timetable which in which the generator may exercise the right to the guaranteed feed in price or premium, in case that it may, upon the commencement of the work be granted the partial right to the guaranteed feed in price or premium harmonized with the amounts for simulating determined by the Action Plan.

- (3) Validity period of the preliminary right to the incentive is determined on the base of the planned effective date of the generation facility stated in the application and accompanying documents, type of the source and technology of operation of the generation facility and may last no longer than three years from the Decision issuance date.
- (4) If duration of the preliminary right to the incentive is determined in the period which is less than three years, generator of electricity which has not started operating within the deadline prescribed by Decision on the preliminary right to the incentive, is entitled to ask for extension of the preliminary right to the incentive no longer than 6 months, whereby he is obliged to submit evidences on reasons for the required extension based on which the Regulatory Commission shall make decision on the application justification, whereby total validity period of the preliminary right to the incentive cannot be longer than three years from the date the first decision is issued.
- (5) Generator of electricity which has obtained the preliminary right to the incentive, concludes the pre-contract on incentive with the System Operator for incentives and starts working pursuant to the effective date as determined by Decision on the preliminary right to the incentive and obtains Certificate, is entitled to exercise the right to the incentive pursuant to the procedure prescribed by Article 21, 22 and 23 of this Rule and to return of the deposited means, namely the bank guarantee referred to in Article 30 paragraph (3) of this Rule.

Article 34

(Loss - cessation of the preliminary right to the incentive)

- (1) The Regulatory Commission may cancel Decision referred to in Article 33 of this Rule in the following cases:
- a) if Decision was made based on the false data,
 - b) if generator/investor does not fulfill the requirements referred to in the pre-contract on the incentive and
 - c) at the request of the generator;
- (2) Decision on the preliminary right to the incentive is no more valid if Generator of electricity that has obtained the preliminary right to the incentive, but does not start operating pursuant to the effective date determined by Decision on the preliminary right to the incentive, namely validity period of the preliminary right to the incentive referred to in Article 33, paragraph (3) and (4) of this Rule; reservation of the amounts of electricity in the system of incentives is lost and in case that he pursuant to Article 30 paragraph (3) of this Rule has paid financial means or submitted the bank guarantee with the System Operator for incentives, he loses the right to the return of the deposited means, namely he is charged for the bank guarantee.

PART THREE- OPERATIONAL IMPLEMENTATION OF THE SYSTEM FOR INCENTIVES

Chapter I - Costs of operation of the System Operator for Incentives, contracts and certificates

Article 35 (System operator for incentives)

- (1) Administrative-financial and other operational duties of the system for incentives for generation of electricity from renewable sources and in efficient co-generation shall be done by System operator for incentives in a way and pursuant to the rules and obligations prescribed by the Law on renewable energy sources and efficient co-generation.
- (2) System operator for incentives is the buyer of electricity generated in the facilities which are entitled to incentives and it provides with balance assignment and responsibility for electricity generated in facilities which are entitled to the obliged redemption at the guaranteed feed-in tariff (complete or partial or right to the obliged redemption at the reference price).

Article 36 (Costs of operation of the System Operator for incentive)

- (1) System operator for incentives is financed from the fee for stimulating generation of electricity from renewable energy sources and in efficient co-generation.
- (2) System operator for incentives (SOI) keeps separate accounting records and special account for the sale and procurement of electricity generated from renewable energy sources and in efficient co-generation for which it is entitled to the obliged redemption at the guaranteed feed in tariff or right to the premium and for using means for stimulating, and for the deposited financial means for the purposes of getting the preliminary right to the incentive.
- (3) Costs of operation of the System Operator for incentives, based on the justified costs, are determined by the Regulatory Commission in the procedure of determination of the amount of the fee for stimulating generation of electricity from renewable energy sources and in efficient co-generation.
- (4) For the purposes of determination of the operational costs referred to in paragraph (3) of this Article, the System Operator for incentives shall at latest till 15 October of the current year submit to the Regulatory Commission an application for approval of costs of operation and filled in Form 1.F - SOI, prescribe by the Rule on reporting such as:
 - a) with estimated financial data for the current year as well as
 - b) with data on the planned means required for the next year;

- (5) Justification of operational costs of the System Operator for incentives is determined pursuant to provision of the Rule book on tariff methodology and tariff proceeding for electricity, without obligation to conduct the tariff proceeding.
- (6) The System Operator for incentives submits to the Regulatory Commission regular monthly and semi-annual reports on the prescribed forms pursuant to the provision of the Rule book on reporting.
- (7) The application form for approval of the operational costs of the System Operator for incentives is in the Appendix 1 being an integral part of this Rule.

Article 37
(Rules of operation for implementation of the Incentive system)

- (1) System operator for incentives makes rules of operation for implementation of the system for incentives which analyzes in detail the activities of the System operator for incentives in order to ensure transparency in operation and availability of information to all participants.
- (2) Rules of operation referred to in the paragraph (1) should define:
 - a) method and exercising rights and obligations of the participants in the Incentive system, pursuant to the regulations which define the Incentive system,
 - b) the method of submitting plans of generation of electricity from renewable sources and in efficient co-generation facilities, method of follow-up of the plans realization and allowed deviations from the planned quantities;
 - c) the method of keeping records on generators which are entitled to the right to incentives, on generators who are granted the preliminary right to the incentive, as well as the records on generators who are on the stand-by in a sense of achieving the planned amounts of the installed capacities and generation of electricity which is stimulated;
 - d) the method of issuance of the certificate for capacity and certificate for energy and method of keeping records on the submitted applications and issued certificates;
 - e) the method and deadline for concluding contracts, amendment, validity cessation and cancellation of the contract;
 - f) the method of metering net generated electricity from generators of electricity from renewable sources and efficient co-generation which are in the system of incentives, the balance belonging and responsibility of participants in the system of incentives;
 - g) method of determination of the obliged part of electricity generated from renewable energy sources that are necessarily to be taken by suppliers and eligible customers;
 - h) the method of selling electricity taken from generators of electricity from renewable sources and efficient co-generation;
 - i) types of data submitted by the generator of electricity from renewable sources and in efficient co-generation and method of submission of data;

- j) the method of data sharing with system operator which the generating facilities are connected to;
 - k) the conditions and method of calculation, invoicing and financial settlement for electricity generated in the system of incentives ;
 - l) the method of submitting invoice in the transitional period for electricity generated from renewable sources and efficient co-generation facilities to suppliers of tariff customers;
 - m) the instruments providing payment and their use in the system of the obliged redemption;
 - n) the method of handling the means deposited for the purposes of getting preliminary right to the incentive;
 - o) other actions required for implementation of the Incentive system
- (3) Consent to the rules of operation referred to in paragraph (1) of this Article is to be given by Regulatory Commission.

Article 38 (Contract on incentives)

- (1) System operator for incentives concludes the contract with generator of electricity from renewable sources or efficient co-generation on the operational implementation of the right to incentives.
- (2) System operator for incentives offers to the generators the standardized, typical contracts depending on the type of incentives such as:
 - a) the contract on the obliged redemption at the feed in tariff for electricity generated from renewable sources (full or partial or at the reference price);
 - b) the contract on the obliged redemption at the guaranteed feed in tariff for electricity generated in efficient co-generation facilities (full or partial or at the reference price); ;
 - c) contract on payment of the premium for electricity generated from renewable energy sources;
 - d) Pre-contract on the right to the incentive;
- (3) System operator for incentives publishes at the website forms of the standard contracts and forms of applications for conclusion of the standard contracts.
- (4) Contract on the right to incentive is based on the data referred to in Decision of the Regulatory Commission on the right to incentive.
- (5) Contract necessarily contains the subject of the contract, data on the contracting parties, planned amounts of electricity generation, possible deviation from the planned amounts and method of acting in case of considerable deviations, guaranteed feed in tariff or premium, data on the metering point where the amount of electricity is registered, balance belonging and responsibility, as well as method calculation and payment.

Article 39 (Certificates)

- (1) Certificate for the capacity and certificate for energy is issued by the System operator for incentives at the request of the system operator or Regulatory Commission within 8 days from the date the application is received.
- (2) Certificate should contain the data on:
 - a) the facility which the application is submitted for;
 - b) source of energy and type of technology for generation of electricity;
 - c) possibilities for the particular generation facility to get the right to the incentives;
 - d) total planned capacities and generation of electricity in the facilities which are, pursuant to the Action plan, stimulated for the current and next years;
 - e) previously built capacities and generation of electricity which are entitled to the incentives in the moment of issue of the certificate;
 - f) planned capacities and generation of electricity which are granted the preliminary right to incentives at the moment of the certificate issuance;
 - g) capacities, namely generation of electricity in the facilities which are waiting for the effective date of the right granting to the incentive;
 - h) free capacities and generation of electricity for stimulating for the current and next years;
- (3) At the request of the System operator, System operator for incentives issues the Certificate for capacity for the purposes of regulation of the right granting of generators of electricity from renewable sources or in efficient co-generation to incentives in a sense of having advantage while connecting to the network referred to in Article 7 of this Rule.
- (4) If connection of the generator referred to in paragraph (3) of this Article exceeds the amounts of the connected capacities which are planned for stimulating in that year and for that specific technology, System operator for incentives is obliged to explain it in the certificate and state when the applicant will be able to get that right.
- (5) At the request of Regulatory Commission, System operator for incentives issues the Certificate for energy for the purposes of regulation of the right granting right of generators of electricity from renewable sources or in efficient co-generation to the obliged redemption at the feed in tariff or right to the premium as well as the purposes of granting the preliminary right to the incentive.
- (6) If the application referred to in paragraph (5) of this Article is related to the generation facility which generates electricity from renewable sources or in efficient co-generation which getting right to incentives of the obliged redemption at the feed in tariff or right to the premium would exceed the amounts of generation of electricity planned for stimulating of the obliged redemption at the guaranteed feed in price (full) in that year and for that specific technology, it is necessarily stated in the certificate whether, when and what the amounts and timetable for that generation facility to get the right to the incentive of the obliged redemption at the guaranteed feed in price (full) or premium.
- (7) While issuing the certificate for the energy for the purposes of the preliminary right granting to incentive as well as the relevant date for control of fulfillment

of the criteria for meeting quantities pursuant to Action plan, it is taken the effective date which was stated by the generator in his application for getting Decision on the preliminary right to the incentive.

- (8) System operator for incentives is obliged to keep records on all submitted applications for the issuance of the certificate for the capacity, namely the energy which should be issued following the order of the applications receipt, records on all issued certificates, records on generators which get the right to the incentive, records on generators which get the right to the preliminary right to the incentive as well as the records on generators which are on the waiting list, in a sense of achieving planned amounts of the installed capacities and generation of electricity which is stimulated.
- (9) System operator for incentives is obliged to publish, on its website, information on the planned, realized and free capacities, namely amounts of generation of electricity from renewable energy sources and efficient co-generation which, pursuant to the Action plan and this Rule, are entitled to the incentives, namely get the right to the incentives or preliminary right to the incentive.
- (10) Certificate for energy issued on the basis of the planned generation which the generation facility got the Certificate for, except the situation when the certificate for energy is issued for the purposes of getting preliminary right to the incentive when the planned generation is determined based on the data stated in the application of the applicant.

Article 40 (Normalization of the generation plan)

- (1) In case that in the period of three years, for some generation facility, deviation of the realized generation on average from the planned one based on which the certificate was issued is more than 20%, for all generation facilities other than solar plant, namely 5% for the solar plants, the system operator for incentives makes correction (normalization) of the planned generation of such generation facility, everything for the purposes of realization of the goals referred to in Action Plan and as realistic as possible planning and functioning of the incentive system.
- (2) The system operator for incentives informs Regulatory Commission on the completed normalization of the generation plan for the purposes of harmonization of Decision on the right to the incentive.

Chapter II Data sharing in the system of incentives and sale of electricity in the system of the obliged redemption

Article 41 (Planning)

- (1) Generator of electricity which gets the right to the guaranteed feed in tariff or premium submits to the System operator for incentives the generation plan

for the next year, analyzed on the monthly basis pursuant to the Rule of operation for implementation of the system of incentives.

- (2) In the transitional period, System operator for the incentives, on the basis of the plan referred to in paragraph (1) of this Article submits data to suppliers of tariff customers on the planned percentage share of electricity from the obliged redemption at the guaranteed feed in tariff in the total planned consumption of tariff customers in Republic of Srpska pursuant to the Rules of operation for implementation of the system of incentives.

Article 42 **(Submission of data for calculation)**

- (1) System operator makes, each month calculation of the totally taken electricity from generators that take the right to the obliged redemption at the guaranteed feed in tariff or right to the premium and submits the report to generator submits the report to the generator and System operator for incentives pursuant to the Rules of operation for implementation of the System of incentives.
- (2) System operator submits the report to the System operator for incentives on the totally taken electricity to end users for all suppliers of end users in Republic of Srpska as well as for the independent eligible customers.
- (3) Suppliers of end users in Republic of Srpska submit the report to the System operator for incentives (SOI) on the totally sold electricity to end users and on the totally calculated amount of the fee contained in the issued invoices for the electricity consumed pursuant to the Rules of operation for implementation of the System of incentives.

Article 43 **(Calculation and invoicing)**

- (1) On the basis of the report of the system operator, generators of electricity which got the right to the incentive submit the invoice to the System operator for incentives with data on:
 - a) amount of electricity delivered to the network in the calculating period;
 - b) amount of electricity which is the subject of the obliged redemption, guaranteed feed in tariff per unit and total value, and premium per the unit and total amount of the premium for the calculating period;
 - c) amount of electricity which is not the subject of the obliged redemption, the premium per the unit and total amount of the premium;
 - d) amount of electricity consumed for its own needs for which they get the right to the premium, premium and total amount of the premium;
 - e) total amount of the premium for the calculating period;
- (2) System operator for incentives submits to suppliers of end users in Republic of Srpska the calculation and invoice with amount of indebtedness on the basis of the electricity taken in the system for incentives at the reference price for the obliged redemption.

- (3) System operator for incentives submits to each supplier of end users in Republic of Srpska the calculation and invoice with the amount of the calculated fee for renewable sources and efficient co-generation.
- (4) On the basis of the calculation referred to in paragraphs (2) and (3) of this Article, suppliers of end users and independent eligible customers pay liability for the appertaining part of electricity from renewable sources and efficient co-generation and calculated fee for renewable sources at specially purpose-serving account kept by System operator for incentives, from which the liabilities towards generators, determined pursuant to the paragraph (1) of this Article, are paid.
- (5) System operator for incentives submits to the Regulatory Commission a monthly report on the amount of the calculated fee of each supplier and independent eligible customer and calculated premium for each generator and cumulative report form the beginning of the calendar year.
- (6) The payment referred to in paragraph (4) of this Article is made pursuant to the Rules operation for implementation of the System of incentives.

Article 44

(Sale of electricity in the system of the obliged redemption)

- (1) Suppliers of tariff customers in the transitional period which lasts till the complete opening of the market take from the System operator for incentives total amounts of electricity generated in the system of the obliged redemption at the guaranteed feed in tariff (full or partial or at the reference price) (hereinafter the System of obliged redemption).
- (2) System operator for incentives in case referred to in paragraph (1) submits to the suppliers of tariff customers data on the appertaining share of electricity generated in the system of the obliged redemption, in their energy of supplying, which is equal to the share of the total electricity from the system of the obliged redemption in the total consumption of electricity of tariff customers.
- (3) System operator for incentives determines in the Rules of operation for implementation of the System of incentives method of sale of electricity generated in the system of obliged redemption and for the period till full market opening and for the period upon the complete market opening.
- (4) System operator for incentives makes invoicing and payment of electricity to suppliers of tariff customers taken in the system of the obliged redemption at the reference price for the obliged redemption.

PART FOUR - METHODOLOGY OF CALCULATION OF THE GUARANTEED FEED IN TARIFF AND PREMIUM

Article 45

(Guaranteed feed in tariffs and premium for different types of generation facilities)

- (1) Regulatory Commission determines, in a special Decision, the guaranteed feed in tariff for the following types of generation facilities;
 - a) hydro power plants

- up to 1 MW inclusive,
 - more than 1 MW, up to 5 MW inclusive,
 - more than 5 MW, up to 10 MW inclusive
- b) the wind plant (wind farms) off-shore up to 10 MW inclusive;
- c) plants for biomass
- up to 1 MW inclusive,
 - more than 1 MW up to 10 MW inclusive;
- d) plants for the biogas up to 1 MW inclusive,
- e) plants for solar energy with photovoltaic cells of the installed capacity:
- on the structures of up to inclusive 50 kW,
 - on the structures of more than 50 kW up to 250 kW inclusive,
 - on the structure of more than 250 kW up to 1 MW;
 - on the land of up to 250 kW inclusive;
- f) geo-thermal facilities of the installed capacity of 10 MW inclusive;
- g) facilities in efficient co-generation of the installed capacity:
- up to 1 MW inclusive,
 - More than 1 MW up to 10 MW inclusive;

(2) Regulatory Commission, in its special Decision, determines the amount of the premium for electricity realized at the market or consumed for one's own needs, for generation facilities referred to in paragraph (1) of this Article and for the following generation facilities:

- a) wind plants (wind farms) on-shore the capacity of more than 10 MW;
- b) facilities in efficient co-generation, the capacity of more than 10 MW and less than 30 MW;

Article 46 (Methodological approach)

Methodology of calculation of the guaranteed feed in tariffs and premium is based on the calculation of the total annual costs of generation of electricity from the typical generation facilities, depending on the type of the plant, using the annuity method of the investment valuation, whereby this calculation is based on the technical and economic parameters which to the greatest extent represent specific technologies of the electricity generated being stimulated.

Article 47 (Technical and economic parameters)

(1) Technical parameters which calculation of the guaranteed feed in tariffs are based on are as follows:

- a) installed capacity (MW_{el}),
- b) Annual hours of operation (h/year) of the typical generation facility (level of utilization of the energy source).

(2) Economic parameters which calculation of the guaranteed feed in tariffs is based on are as follows:

- a) the price of the capital (%), as weighted average rate of return on its own and borrowed assets (WACC);
 - b) Investment return period (years);
 - c) Investment costs (BAM/kW_{el}) of the typical electric power facility, as specific costs which include costs of designing, land, equipment, construction costs and costs of connecting to the network;
 - d) costs of operation and maintenance (BAM/kW_{el}) which include maintenance and operation, costs of salaries and operational costs of control, fees, insurance and rent, defined as a percentage from investment and presented at the annual level;
 - e) costs of fuel (BAM/kWh_{el}), typical for costs of procurement of biomass and for procurement of fossil fuel (gas or lignite) for generation of electricity in co-generation facilities;
 - f) revenue from the sale of heat (BAM/kWh) which the total costs. while calculating guaranteed feed in tariff electricity generated in the efficient co-generation facility, is reduced for;
- (3) The price of the capital and period of return of the invested means determines the amount of the annuity factor which makes the total investment brought to the annual amount of the annuity respecting the return on the investment capital of its own and borrowed.
- (4) Method of calculation of the unit price of electricity generated from renewable sources or in efficient co-generation on the basis of technical and economic parameters referred to in paragraphs (1) and (2) of this Article, described in Annex 3, being the integral part of this Rule.

Article 48 (Guaranteed feed in tariff)

- (1) Guaranteed feed in tariff of electricity from renewable sources and in efficient co-generation is consisted of:
- reference price of electricity for the obliged redemption of electricity;
 - premium which is used for compensation of specific costs of construction, operation and maintenance of the facility which uses renewable energy sources or efficient co-generation, and which are not reimbursed from the reference price for the obliged redemption;
- (2) The guaranteed feed in tariff is the same or more than the reference price for the obliged redemption of electricity.

Article 49 (Reference price)

- (1) Regulatory Commission determines the reference price for the purposes of:
- a) determination of the amount of the premium during the obliged redemption,
 - b) determination of the amount of the premium while selling at the market and consumption for its own needs;
- (2) During the transitional period of the market opening referred to in Article 44, paragraph (1) of this Rule, in which the generation price of electricity at the plant

outlet is regulated, the reference price in the system of the obliged redemption is the average price at the plant outlet for supplying tariff customers, determined pursuant to the provisions of the Rule on tariff methodology and tariff proceedings.

- (3) The reference price in the system of the obliged redemption for the period after the market opening in case referred to in Article 44, paragraph (2) of this Rule, is equal to the average selling price achieved in the tendering procedure.
- (4) The reference price in the system of the obliged redemption for the period after the market opening in case referred to in Article 44 of this Rule and reference price for determination of the amount of the premium while selling at the market and consumption for own needs is determined on the basis of the market price at the competitive market which is available to generators of electricity in Republic of Srpska, realized in the previous period of at least six months and no longer than a year, taking account of the seasonal variation of the prices.
- (5) Regulatory Commission re-assesses the reference price at least once a year, and if needed more often.

Article 50

(Premium for own consumption and sale at the market)

- (1) Premium for a part of electricity used for covering consumption for one's own needs is equal to the premium for the sale at the Republic of Srpska market.
- (2) Premiums for electricity consumed for one's own need and electricity sold at the market are determined as the difference between the guaranteed feed-in tariff and reference price referred to in Article 49 paragraph (4) of this Article.

Article 51

(Re-assessment of the guaranteed feed in tariff and premium)

- (1) Regulatory Commission checks the progress in development of technologies for generation of electricity from renewable sources or in efficient co-generation for the purposes of harmonization of the guaranteed feed in tariff with modified technological conditions, taking into account available potential and planned share of different renewable sources and efficient co-generation facilities for generation of electricity as determined by the Action plan.

Article 52

(Correction of the guaranteed feed in tariff caused by change of the gas price)

- (1) Correction of the guaranteed feed in tariff which was valid while concluding contract on the obliged redemption at the guaranteed feed in tariff is made in case of generation of electricity in efficient co-generation facilities which use natural gas as fuel.
- (2) In case of the situation referred to in paragraph (1) of this Article, the guaranteed feed in tariff is corrected in a part of the variable cost which is related to

calculation of costs of fuel, in a way that the gas price is harmonized with the valid wholesale price of gas in Republic of Srpska.

- (3) Regulatory Commission follows the trend of the wholesale prices of natural gas in Republic of Srpska and re-assesses at least once a year and when needed it makes correction of the guaranteed feed in tariff.

Article 53 (Valorization of the state aid)

- (1) Generator of electricity from renewable sources or in efficient co-generation that received the state aid in a sense of privileges while investing, referred to in Article 20 paragraph (2) of this Rule is reduced the guaranteed feed in tariff or premium.
- (2) The percentage reduction of the guaranteed feed in tariff referred to in paragraph (1) amounts to 50% of the percentage share of the received aid in total investment amount.
- (3) While deciding on the application for allocation of the decision on the right to the guaranteed feed in tariff, the amount is determined of directly or indirectly received state aid and in percentage is reduced the guaranteed feed in tariff.
- (4) Reduction of the premium for sale at the market and consumption for own needs for generator referred to in paragraph (1) of this Article is determined on the basis of the reduced guaranteed feed-in tariff determined pursuant to paragraph (2) of this Article and provisions of Article 50 of this Rule.

PART FIVE - FEE FOR RENEWABLE SOURCES

Article 55 (Calculation, payment and use of the fee for renewable sources and efficient co-generation)

- (1) The means for stimulating generation of electricity from renewable sources and in efficient co-generation is provided from the fees for renewable sources and efficient co-generation (hereinafter the fee) which is calculated to all end users of electricity in RS.
- (2) From the fees for renewable sources, it is provided the means for:
 - a) total amount of the calculated premiums for electricity generated in renewable sources and efficient co-generation;
 - b) covering costs of settlement of not-intended deviations of generators that get the right to the obliged redemption at guaranteed feed in tariff or the right to the obliged redemption for old facilities (balancing costs);
 - c) financing of operation of the System operator for incentives;
 - d) covering of costs for improvement of the energy efficiency measures;
- (3) Regulatory Commission approves the revenue for the next year based on the determined feed in prices and premium, approved costs for operation of the

System operator for incentives, planned balancing costs, planned generation from renewable energy sources and in efficient co-generation harmonized with the Action plan, balance of totally collected means through the fees and paid means for functioning of the system of incentives in the previous year, legally determined percentage for the fund for protection of the environment and energy efficiency and planned consumption of end users in Republic of Srpska.

- (4) Regulatory Commission determines the unit amount of the fee, expressed in BAM/kWh as follows:

$$NOI_n = [(P_n + TB_n + TOSP_n \pm \Delta S_{n-1}) * k] / NP_n$$

whereby:

- (NOI_n) = unit amount of the fee,
(P_n) = total amount for payment of the premium to all generators of electricity from renewable sources and efficient co-generation,
(TB_n) = costs of balancing (settlement of non-intended deviations of generators of electricity from renewable sources and efficient co-generation from the planned ones)(BAM)
(TOSP_n) = costs of operation (approved) of the System operator for incentives,
(ΔS_{n-1}) = ±balance of the collected amount for payment of the fee from the previous year,
(k) = 1/0,95 - coefficient introduced for the Fund for protection of the environment and energy efficiency,
(NP_n) = Planned net consumption of electricity in Republic of Srpska (kWh),
(n) = The year which the fee is determined for;

- (5) The costs of balancing are determined on the basis of the historical data or by estimate, if historical data are not available;
(6) The amount of the fee expressed in (BAM/kWh) is applied for the taken active electricity at the bills of end users in Republic of Srpska for the purposes of stimulating generation of electricity from renewable energy source and efficient co-generation;
(7) The amount of the fee and totally calculated fee are presented as a special item in a transparent and user-friendly way;
(8) The fee for end users is calculated and charged by the supplier of end users, namely for independent eligible customers by the System Operator for incentives;
(9) The calculated and paid fee for renewable sources and efficient co-generation is not considered the revenue of the supplier from the supplying activity;
(10) The Regulatory Commission determines necessary amount of the fee till the 30th November of the current year for the next year;
(11) The Regulatory Commission may, exceptionally, initiate the procedure for the change of the amount of the fee and in some other period when it estimates that there are additional reasons for re-assessing of assets needed for the functioning of the system of incentives;

Article 56
(Periodical settlement of fees and premium)

- (1) If the calculated amount of the fee in the totally calculated value of the electricity consumed by end users in RS is more than the amount required for functioning of the system for incentives referred to in Article 55, paragraph (2) of this Rule, System operator for incentives submits notification to Regulatory Commission on the amount of the available means in order to harmonize the amount of the fee in the next period.
- (2) If the calculated amount of the fee in totally calculated amount of the electricity consumed of end users in RS is less than the amount required for functioning of the system for incentives referred to in Article 55, paragraph (2) of this Rule, System operator for incentives submits notification to the Regulatory Commission and each generator on the amount of the missing amount nominally and in percentages, and pays the available amount to each generator that is entitled to the premium, in the amount determined in a way that the amount of the liability for each generator is reduced for the percentage of the missing amount.
- (3) The difference between the amounts of the totally calculated fee for end users and amount required for functioning of the system for incentives referred to in Article 55, paragraph (2) of this Rule per each calculation during the year is transferred to settlement in the next calculation for each generator.
- (4) The difference referred to in paragraph (3) of this Article at the end of fiscal year is transferred to the next year and it enters the calculation of the totally required fee for the next year.

Article 57
(Determination and publication of the fee)

- (1) Amount of the fee expressed in BAM/kWh is determined by the Regulatory Commission with its special Decision, having obtained the content of the Republic of Srpska Government and is published in the Official Gazette of Republic of Srpska and at the website of the Regulatory Commission.
- (2) Suppliers of end users in Republic of Srpska and System operator for incentives are obliged to publish decision of the Regulatory Commission determining the fee for stimulating generation of electricity from renewable energy sources and in efficient co-generation at its website.

PART SIX - TRANSITIONAL AND FINAL PROVISIONS

Article 58
(Final decree of the Regulatory Commission)

Decisions, made by Regulatory Commission in the proceedings for realization or loss of the right to the incentives, are final.

Article 59
(Legal protection)

- (1) The party not satisfied with decision of the Regulatory Commission related to the incentives, may initiate the administrative proceedings before the competent court.
- (2) The appeal which initiates the administrative proceedings does not postpone realization of the acts referred to paragraph (1) of this Article.

Article 60
(Interpretation of the Rule)

- (1) Interpretation of provisions of this Rule is made by Regulatory Commission.
- (2) Amendment to this Rule is made in the same proceedings which are applied for its making.

Article 61
(Making Rule on method, conditions and procedure for connection to the distribution network)

Distribution system operator makes Rule book on method, terms and conditions and procedure for connection to the distribution network referred to in Article 9 of this Rule within three months from the effective date of this Rule.

Article 62
(Effective date)

- (1) This Rule becomes effective on the eighth day from its publication in the "Official Gazette of RS".
- (2) When this Rule book becomes effective, the Rule book on incentives for generation of electricity from renewable energy sources and in efficient co-generation (Official Gazette of Republic of Srpska, number 128/11 and 53/12) is no more valid apart from the procedures for exercising the rights to the incentive which were initiated before the effective date of this Rule book.
- (3) Decision on determination of the right to the incentive for electricity generated from renewable energy sources or in efficient co-generation which was made before the effective date of this Rule remains in force, while the right to the incentive is exercised till the expiry of the period determined in that Decision.

President
Milenko Cokorilo

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17 October 2013
Trebinje