

REGULATORY COMMISSION FOR ENERGY OF REPUBLIC OF SRPSKA  
TREBINJE

**RULE BOOK ON TARIFF METHODOLOGY AND TARIFF PROCEEDING FOR  
ELECTRICITY**

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Pursuant to Article 23 of the line 2 of the Electricity law (Official Gazette of Republic of Srpska, number 8/08, 34/09, 92/09 and 1/11), Article 10 paragraph (1), point 2 and Article 18, paragraph (1) of the Statute of the Regulatory Commission for Energy of Republic of Srpska - Clean text (Official Gazette of Republic of Srpska, number 6/10) and Article 45, paragraph (2) of the Procedural rules of the Regulatory Commission for Energy of Republic of Srpska (Official Gazette of Republic of Srpska, number 59/10), Regulatory Commission for Energy of Republic of Srpska in its 49th regular session held on 13 September 2012 in Trebinje made

## RULE BOOK ON TARIFF METHODOLOGY AND TARIFF PROCEEDING FOR ELECTRICITY

### PART ONE - GENERAL PROVISIONS

#### **Article 1 (Subject)**

The Rule book on tariff methodology and tariff proceeding for electricity (hereinafter: Tariff methodology) determines:

- a) criteria for recognition of the justified costs of generation, distribution and supply of non-eligible (tariff) customers with electricity
- b) rules and procedure for allocation of justified costs on the categories of consumption and tariff groups per tariff elements,
- c) method of determination of tariff rates for distribution system users,
- d) method of determination of tariff rates for supply of non-eligible customers and
- e) rules of the tariff proceeding;

#### **Article 2 (Terms and expressions)**

Terms and expressions used in this Rule book and its appendices shall have the following meaning:

Allocation of costs	Layout of costs of generation, transmission, distribution and supply of electricity on tariff elements and categories of consumption and groups of customers.
Base year	Reference year compared to which it is made determination and approval of the revenue requirement of the regulated company.

Distributor (Distribution system operator)	Legal entity responsible for operation, control, maintenance and development of the distribution system on certain area, everything for the purposes of long-term capability of the system to meet reasonable requirements for distribution of electricity.
Tariff design	A set of principles and procedures determining tariff elements, different categories of consumption and tariff groups, application of which in daily intervals and seasons determines tariff rates and establishes relations between them pursuant to objectives and principles of regulation of the electric power sector.
Long-term marginal cost of the distribution capacity	Annual revenue requirement for compensation of total expenditures in the most cost-effective technically acceptable capital investment, for the purposes of settlement of additional kilowatt of the distribution system consumption. These expenditures include total investment in construction and installation of additional capacity of the unit capacity (total investment/additional facility capacity) including fixed costs of operation and maintenance per the unit during the facility useful life.
Power balance of Republic of Srpska	Plan of generation and consumption of electricity in Republic of Srpska, including delivery and taking of energy out of the power system of Republic of Srpska, made by the Republic of Srpska Government pursuant to the Law on electricity.
Functional allocation of costs	Allocation of costs of electricity per functions they occurred on the costs of generation, transmission, distribution or supply.
Delivery of electricity	Delivery of electricity to the customer or end user, namely delivery of electricity from the structure of one electric power facility to the structure of another electric power facility or end user.
Concurrent load	Load of the customers, tariff group or category of consumption achieved in the moment of peak load of the electric power system.
Category of consumption	Division of end users based on characteristics of electricity consumption, according to the voltage and the handover place and purpose of using electricity.

Licensee	Legal or physical entity which has a license to do the energy activity, following the voltage at the handover point in the moment of the peak load of the electric power system.
End user	The customer that buys electricity for his own needs and use.
Customer	Legal or physical person that buys electricity.
Eligible customer	Customer of electricity that got the right to buy electricity at his own choice.
Licensed assets	Permanent (tangible and intangible) assets used to do regulated electric power consent.
Metering point of the customer	Point at which it is metered, using the metering devices, the amount of electricity and/or capacity taken over by the customer and/or delivered to the network, or is used for the need of the its own generation facility or for some other purposes.
Non-concurrent peak load	Peak load of the customer, tariff group or category of consumption achieved at any moment, regardless of the moment of the peak load of the electric power system.
Non-eligible (tariff) customer	Customer of electricity connected to the electric power network that buys electricity in a regulated way and at regulated prices and that did not get the right to buy electricity at its own choice.
Independent system operator of Bosnia and Herzegovina	Operator of the transmission system of Bosnia and Herzegovina
New fixed assets	Fixed assets being used or to be in use after 31 December 2011.
Public service obligation	Obligation of the energy undertakings to do some energy activities as public service available to all customers and energy undertakings at specific area at the prescribed prices and under regulated conditions for access and use of service, respecting the safety, including safety of

supply, regularity and quality of service, efficiency for the energy use, protection of environment and prevention of the climate changes, carried out following the principles of transparency of work accompanied by the monitoring done by the legally determined entities.

Capacity charge	Tariff element in which transmission and distribution element is measured and expressed, required to cover maximum load of the customer in any moment during the calculating period.
Carrying Charge Rate	The annual rate expressed in percentage which the amount of capital investment is brought the annual amount of the revenue required to reimburse the investment
Approved revenue requirement	The revenue required for the regulated electric power company to reimburse all justified costs, occurred while doing regulated activity in order to determine tariff rates for distribution system users and tariff rates for supply of tariff customers.
The third party access	The third party access to the distribution system is meant by enabling the access and use of the distribution system both for eligible and non-eligible customers, and other distribution system users, under the same circumstances and without discrimination.
Generation at the plant outlet	Totally generated electricity at the generator reduced for the consumption of its own and losses at transformer and power line through which electricity is delivered to the electric power network.
Average weighted rate of return	Rate of return for the required net fixed assets permanent working capital (regulatory base) expressed in the percentage for doing regulated activity approved by Regulatory Commission according to the structure of sources which it is financed from (proprietary and borrowed capital) and which is applied for determination of the revenue requirement.



Regulatory base	Regulatory base is a net value of the engaged fixed assets for doing regulated activity and net value of the permanent working capital required for doing regulated activity.
Regulated electric power company	Licensee doing one or more regulated electric power activities.
Regulated electric power activity	Electric power activity which the public service obligation is prescribed by law (generation of electricity for supply of tariff customers, distribution of electricity, supply of tariff customers with electricity) and for which Regulatory Commission determines the prices and tariff rates
Regulated prices	Prices of products and services of the regulated electric power activity which is determined by the Regulatory Commission and price of using transmission network determined by the State Regulatory Commission for electricity.
Supply	Sale of electricity to customers, including re-sale.
Supplier of tariff customers	Licensee for supply of tariff customers with electricity
Old fixed assets	Fixed assets put in use before 31 December 2011
Tariff period	Period for which the tariff rates are determined for distribution system users and tariff rates for non-eligible customers of electricity approved by Regulatory Commission.
Tariff elements	Calculating amounts of the tariff system in which outputs of the company - licensee for doing electric power activities may be expressed, based on which the fees for such outputs are calculated.
Tariff group	Division of end users within the category of consumption based on the characteristics of consumption of electricity, according to the period of consumption, connecting capacity, type of the metering devices and purposes of using electricity.

Tariff system	System of criteria and rules which determine: categories of consumption and tariff groups, tariff elements and method of their application in certain daily intervals and seasons.
Tariff rates	Unit prices for tariff elements determined for the categories of consumption and tariff groups for different daily intervals and seasons pursuant to the tariff system.
Permanent working assets (net working or current property)	Average amount of the required working assets for doing regulated activity recognized by the Regulatory Commission and which is included in regulatory base.
Costs of connection	Costs of the connection construction and costs of providing conditions for connection.
Costs of the customer metering point	Costs of reading, data processing, invoicing, delivery of bill and payment for the service rendered
Cross-subsidy	Allocation of costs of the regulated activities on the categories of consumption and/or tariff groups of customers not based on the direct dependence and/or causality of the costs' occurrence so that one group bears the costs which, following the causality principle, belongs to another group.
Peak load of end user	Peak load is the utmost measured average value of active capacity which end user takes from the network in the period of up to 15 minutes during the calculating period.
The consumption of one's own	The consumption of electricity which is needed in the technological process of generation of electricity taken from the generator tap-off
Law	Law is meant by Law on energy and Law on electricity

**Article 3  
(Aims of Tariff methodology)**

Aims of Tariff methodology are as follows:

- a) enabling public, efficient and cost-effective conduct of the tariff proceeding for the purposes of fair determination of prices and tariff rates, and fair fee of the electric power companies for doing regulated electric power activity,
- b) enabling the third party access to the electric distribution system of Republic of Srpska and improvement of competitiveness,
- c) stimulating efficiency and cost-effectiveness in the electricity use,
- d) improvement of the safety of supply of customers with electricity and quality of service,
- e) providing economic conditions for reliable and profitable work and development of the electric power system and
- f) gradual cessation of cross-subsidies between the categories of consumption and tariff groups;

#### **Article 4 (Principles of tariff methodology)**

While applying the Tariff methodology, Regulatory Commission applies the following principles:

- a) prices which are recognized to the electric power companies per unit shall be fair, justified, non-discriminatory, based on the objective criteria and determined in a clear way,
- b) tariff rates shall be based on the cost price, which contains the justified costs of the business activity and return on the capital which is required for financing of the regulatory base,
- c) customers divided in categories of consumption and tariff groups should reimburse all justified costs of generation (procurement), transmission, distribution and supply of customers, pursuant to the accompanying costs which they cause to the electric power system by consuming electricity;

## **PART TWO - REVENUE REQUIREMENTS AND COSTS OF THE REGULATED ACTIVITY**

### **CHAPTER I - APPROVED REVENUE REQUIREMENT**

#### **Article 5 (Approved revenue requirement as the base for the prices and tariff rates)**

- (1) Determination of prices of services of the electric power activities for the purposes of determination of tariff rates is based on the calculation of the

annual revenue requirement of the regulated electric power company ("approved revenue requirement") approved by the Regulatory Commission.

- (2) Approved revenue requirement is based on the justified, purpose-serving costs of doing regulated activity occurred while realizing the planned outputs.

#### **Article 6**

##### **(Approved revenue requirement and power balance)**

- (1) Approved revenue requirement of the regulated electric power company for doing regulated activity is determined for the outputs planned by the power balance, for the tariff period which the prices and tariff rates are determined for.
- (2) Electric power balance is determined on the basis of the available capacities, historical statistical data and other planning elements, complying with the determined rules of balancing and optimal use of the capacities.
- (3) Each regulated electric power company submits the electric power balance, namely the plan of its generation, i.e. distribution or supply with electricity.
- (4) Regulatory Commission analyzes the electric power balance, i.e. the plan of generation, distribution or supply with electricity of each regulated company and if it determines that the plan was not made pursuant to the determines rules of balancing, optimum use of capacities or if not being harmonized with the Electric power balance of RS, it asks the electric power company to make necessary adjustments or makes necessary adjustments by itself, for the purposes of determination of tariff rates for distribution system users and tariff rates for supply of tariff customers.

#### **Article 7**

##### **(Calculation of the approved revenue requirement)**

- (1) The approved revenue requirement of the regulated electric power company, approved by the Regulatory Commission, contains the following elements:
  - a) justified costs form the business activity of the company (costs of operation and maintenance including the costs of depreciation of the fixed tangible and intangible assets),
  - b) approved return on the capital,
  - c) tax on the approved return on equity and
  - d) other revenue as deducting item;
- (2) Method of calculation of the approved revenue requirement based on costs determined according to the criteria stated in this Rule book, is described in

the Annex - Guidelines for application of Tariff methodology being an integral part of this Rule book.

**Article 8**  
**(Revenue of the functionally unbundled activities)**

Approved revenue requirement and the prices based on it are determined separately for generation activity (the price of electricity at the plant outlet for each regulated company), distribution activity (the price of using distribution network) and for supply of non-eligible customers (the price of the supply service), based on which tariff rates for distribution system users are determined in RS and tariff rates for supply of non-eligible customers with electricity in RS, which also includes the price of using transmission network (the services of the Elektroprenos BiH, ISO and ancillary services).

CHAPTER II – CRITERIA FOR DETERMINATION OF THE REVENUE REQUIREMENT ELEMENTS

Section A. Costs from the business activity

**Article 9**  
**(Profit and Loss Statement of the base year)**

Regulatory Commission approves the justified costs of doing regulated electric power activity starting from the data stated in the Report on the total result in the period – in the Profit and Loss statement of the regulated electric power company in the base year.

**Article 10**  
**(Types of justified costs from the business activity)**

- (1) Justified costs from the business activity is consisted of:
  - a) costs of operation and maintenance (operational costs): costs of material (procurement of material, costs of material for development, overheads, costs of fuel and energy), costs of salaries, allowances for salaries and other personal expenditures (costs of gross salaries and allowances for salaries, costs of gross allowances for the Board of Directors and Supervision Board, costs of gross other personal expenditures), costs of generation services (costs of transport services, costs of the maintenance services, costs of renting, costs of advertising and commercials and other generation costs), costs of reserving, intangible costs (costs of non-generation services including the regulatory fee, costs of the insurance premium, costs of taxes, costs of contributions, costs of the trading transactions, other intangible

- costs) and other costs occurred during normal course of running business of the regulated electric power company and
- b) depreciation costs of the permanent assets;
- (2) Justified costs include also a part of pertaining costs for financing of performing common activities for the regulated electric power company.

**Article 11**  
**(Adjustment of costs of the base year)**

Costs of operation and maintenance are recognized by adjusting the amount of the justified costs realized in the base year, namely the costs of approved in the previous tariff period on the appropriate parameters of the electric power balance of the regulated electric power company determined pursuant to Article 6 of this Rule for the tariff period which the prices and tariff rates are determined for.

**Article 12**  
**(Estimate of the costs' justification)**

- (1) Regulatory Commission estimates justification of all costs of the regulated electric power company for the purposes of their inclusion in the approved revenue requirement taking into account the circumstances and time of the costs' occurrence.
- (2) Justification of costs is determined according to the type of costs applying the purpose-serving analysis, analysis of the amount and price and benchmarking analysis, taking into account the specific elements of each regulated electric power company.
- (3) Depreciation costs are recognized for the assets being in the function of doing regulated electric power activity and are determined based on the fair value of the fixed assets beginning of the year, increase for the depreciation costs of the assets that will be activated in the tariff period and reduced for the assets' depreciation costs which will be written off in the tariff period.

**Article 13**  
**(Costs of general and common activities)**

- (1) Costs of organizational parts of the regulated company which perform the common activities for the regulated and other activity, as well as organizational parts or special legal entities which perform the common activities for several companies, are allocated on the basis of the transparent rules (keys and criteria).

- (2) Costs of the organizational parts and company referred to in paragraph (1) of this Article are approved in the same way and applying the same criteria as the costs of the regulated activity.

#### **Article 14**

##### **(Accounting unbundling of the regulated electric power activities)**

- (1) For the purposes of fair determination of the approved revenue requirement of the regulated electric power activity, namely consistent and uniform application of the Tariff methodology, regulated companies are obliged to make accounting unbundling of the business activities and submit report per segments pursuant to the Uniform Regulatory Chart of Accounts.
- (2) Regulated electric power companies that do not have the license for doing two or more regulated companies are obliged to present the accounting data separately for each of those activities.

#### Section B. Regulatory base and return on the capital

#### **Article 15**

##### **(Regulatory base)**

- (1) Regulatory base is a net value of the engaged fixed assets for doing regulated electric power activity and net value of the permanent working capital necessary for regular doing regulated electric power activity.
- (2) Net value of the fixed assets is recognized as the amount of the procurement value or market/fair value reduced for the accumulated depreciation and accumulated loss due to assets writing off, but only for the assets effectively used for doing regulated electric power activity.
- (3) Intangible assets, apart from the good will, are included in the regulatory base in the same way as the tangible fixed assets.

#### **Article 16**

##### **(Increase of the regulatory base)**

- (1) The regulatory base includes the assets in preparation, and related to construction of new and reconstruction of the existing fixed assets which are used for doing regulated electric power activity, if it can be confirmed that the assets will be activated during the tariff period and if Regulatory Commission estimates that investments are justified.
- (2) Regulatory Commission estimates the investment in fixed assets for doing regulated electric power activity from the standpoint of being justified, feasible and goal to be achieved by it, taking into account the conditions,

circumstances and available information in the moment of making decision on investment, applying the principle of prudence.

#### **Article 17**

##### **(Decrease of the regulatory base)**

- (1) The value of all assets taken free of charge is excluded from the regulatory base, such as donation, transfer of assets free of charge, participation of citizens in the structure construction, the assets realized from the fee for construction of the connection and similar, as well as the permanent assets that will be written off during the tariff period.
- (2) Regulated electric power companies are obliged to keep updated records on all assets prepared free of charge and on the donations for the fixed assets, their fair value, calculation of depreciation and bookkeeping value, writing off and RASHODOVANJE.

#### **Article 18**

##### **(Permanent working capital)**

Regulatory base includes the net value of the permanent working capital (net current or working capital) in the amount of the minimum required amount for maintenance of the stocks of material and spare parts for normal running a basic activity, required amount for financing of the customers' receivables, taking into account the period of coupling current receivables of the base year compared to the period of coupling obligations towards suppliers, and minimum daily cash amount.

#### **Article 19**

##### **(Approved rate of return)**

- (1) The rate of return on the capital in the amount of the average weighted price of the capital is approved by the Regulatory Commission based on proposals and data of the regulated electric power company.
- (2) Average weighted price of the capital is a weighted average amount of the rate of return on the equity (rate of profit) and rate of return on the borrowed engaged capital (interest rate) for financing regulatory base.
- (3) The rate of return on equity is determined in a way which reflects the specific risk of the company and prevailing conditions of the capital obtaining at the financial market in the tariff period.
- (4) The rate of return on the borrowed capital for financing regulatory base is determined only in the amount of the carefully and rationally engaged other assets, and based on the weighted average interest rate on the credits which the regulatory base is financed from, according to the amount referred to in the business books of the company and cannot be higher than the interest rate on the already taken credits and loans.



- (5) While approving the rate of return, it is to take care of the gradual market liberalization and equal treatment of property in RS.
- (6) The amount of the rate of return depends on the method of determination of the regulatory base and structure of the capital for new investments, whereby the amount of the rate of return on the capital for old fixed assets and for new fixed assets is separately analyzed.

**Article 20**  
**(Approved return on the capital)**

Approved return on the capital of the regulated company is determined applying the approved average weighted rate of return on equity and borrowed capital necessary for financing the approved regulatory base.

Section B. Calculation of the tax

**Article 21**  
**(Taxes)**

- (1) While determining the approved revenue requirement, the amount of the tax is calculated on the base determined in the structure of the approved revenue requirement applying the RS, BiH regulations and valid accounting standards.
- (2) The calculated tax on profit is recognized applying the prescribed rate on the approved amount of return on equity pursuant to valid regulations and it is included in the approved revenue requirement.

Section D. Other revenues

**Article 22**  
**(Other revenues)**

- (1) The revenue requirement of the regulated company, determined in a way stated in provisions in Chapter I, second part of this Rule, is reduced for the amount of the fixed revenues which is realized by the regulated electric power company with the licensed assets, such as the revenues from the sale of the by-products, revenues from activating the outputs of its own, revenues from the sale of assets, separated part of the revenues of the period based on realization of the donated assets and other revenues realized using the licensed assets included in the regulatory base.
- (2) While determining other revenues from **the** licensed assets included in the regulatory base, Regulatory Commission takes into account realization in the base year for each type of the revenues, structure of

assets included in the regulatory base and pertaining justified costs of the business activity, as well as other fact that may affect the amount of the other realized revenues from the licensed assets in the tariff period.

## PART THREE – STRUCTURE OF THE TARIFF SYSTEM

### **Article 23 (Bases of the tariff system)**

Bases of the tariff system established by the Tariff methodology are as follows:

- a) tariff elements in which the outputs of the regulated electric power companies in the electric power activity are measured for the purposes of their linking to the costs;
- b) categories of consumption, which are determined depending on: characteristics of consumption, voltage and electricity delivery point, purpose of consumption and other criteria determined by the tariff system. Within the categories of consumption, depending on the type of metering devices and method of measuring, connecting capacity as well as the purpose and characteristics of consumption and load, the tariff groups are created;
- c) Daily and seasonal intervals of application of difference prices of tariff elements for each category of consumption and tariff group depending on costs which the method and structure of electricity consumption causes to the electric power system in that period.

## CHAPTER I – TARIFF ELEMENTS

### **Article 24 (Defining tariff elements)**

Tariff elements are as follows:

- a) active electricity, expressed in kWh,
- b) excessively taken reactive electricity, expressed in kVArh,
- c) capacity charge, expressed in kW for the calculating period and
- d) fixed fee per the metering point of the customer in BAM;

## Section A. Active and reactive electricity

### **Article 25 (Active electricity)**

- (1) Active electricity is determined by measuring applying the electricity meter for active electricity and is expressed in kilowatthours (kWh).
- (2) Each connection of end user to the electric power network should be equipped with appropriate metering device for registration of the active electricity taken pursuant to the General conditions for delivery and supply with electricity (hereinafter General conditions), distribution grid rules and contract with distributor.

### **Article 26 (Reactive electricity)**

- (1) Reactive electricity is determined by measuring applying the electric meter for reactive electricity, and is expressed in kilovarhours (kVARh).
- (2) The customers are only charged for excessively taken reactive electricity.
- (3) Excessively taken reactive electricity is a positive difference between really taken reactive electricity (kVARh) and reactive electricity which is equal to the factor of capacity of  $\cos \varphi=0,95$  inductively and which is calculated for the reactive electricity which exceeds 33% of the active electricity taken in the referent period for calculation defined by the tariff system.

### **Article 27 (Calculation of the reactive electricity)**

- (1) Reactive electricity is measured and charged to all customers at high and middle voltage and those customers at low voltage which have been obliged by the contract on connection to have the meters for reactive electricity.
- (2) At the request of distributor, the customer is obliged to install the meters for reactive electricity pursuant to the General conditions and distribution grid rules.

#### Section B. Capacity charge

### **Article 28 (Determination of the capacity charge)**

Capacity charge is determined for the calculating period in one of the following ways:

- a) by measuring the peak load when the end user, pursuant to General conditions, has appropriate metering device,
- b) based on device for the capacity (current) limit,
- c) based on the active electricity used or

- d) based on the system load analysis and analysis of load of the categories of consumption and tariff groups;

#### Section C. Fee per the metering point of the customer

##### **Article 29 (Structure of the fee per the metering point of the customer)**

- (1) The fixed fee per the metering point of the customer is determined on the basis of costs related to one customer or one metering point, if one customer has several connections,
- (2) Total costs assigned to one customer, namely one metering point of the customer are consisted of the fixed costs of maintenance of the connection and metering point made by Distributor pursuant to General conditions, costs of reading of metering devices, data processing, calculation, invoicing, submission of bills and payment for the delivered/taken electricity as well as the service center for customers.

##### **Article 30 (Functional allocation of costs at the metering point of customer)**

- (1) Connection related costs, as well as the costs of maintenance of connection and metering device pursuant to General condition, costs of reading of metering device and costs of service center related to distribution of electricity are functionally allocated to distribution activity.
- (2) Costs of data processing, calculating, invoicing, submission of bills and payment for delivered/taken electricity, and costs of service center related to supply with electricity are functionally allocated to the supply activity.

#### CHAPTER II – CATEGORIES OF CONSUMPTION AND TIME DIFFERENTIATION OF TARIFF RATES

##### **Article 31 (Categories of consumption)**

Categories of consumption are as follows:

- a) consumption at the voltage level of 110 kV and more;
- b) consumption at the voltage level of 35 kV (taking of electricity at the voltage level from 35 kV to 110 kV, including the voltage level of 35 kV);
- c) consumption at the voltage level from 1 kV to 35 kV (taking of electricity at the voltage levels from 1 kV to 35 kV, including the voltage level of 1 kV);

- d) households (taking of electricity at the voltage level less than 1 kV) include firstly consumption of electricity in flats, residential houses and holiday houses, as well as consumption of electricity in the accompanying structures,
- e) public lighting (taking of electricity at the voltage level less than 1kV), includes consumption of electricity for the lighting of streets, squares, roads, bridges, tunnels at the roads, pedestrian crossings, devices for signaling, parks, historical monuments and similar and
- f) other consumption at low voltage (taking of electricity at the voltage level which is less than 1 kV) includes consumption of electricity taken at low voltage, which is not consumption in households of public lighting;

### **Article 32 (Tariff groups)**

Tariff groups, within some categories of consumption, are determined pursuant to:

- a) method of metering active electricity taken (customers with one-line metering, customers with two-line metering, customers with controlled consumption),
- b) connecting capacity and method of determination of the capacity charge and
- c) other criteria showing that costs which customers cause to the electric power system are similar;

### **Article 33 (Proposal of categories of consumption and tariff groups)**

- (1) Regulatory Commission, based on the structure of the tariff system given in this Rule, makes special decision which precisely defines tariff elements, categories of consumption and tariff groups, daily and seasonal intervals of application of different prices of tariff elements and other issues related to them.
- (2) Regulated electric power company may propose to introduce, cancel or amend any categories of consumption or tariff group, as well as other amendments in decision referred to in paragraph (1) of this Article, but cannot make any modification without decision of the Regulatory Commission.

### **Article 34 (Tariff rates according to the period of consumption)**

- (1) Tariff rates according to the time of consumption are determined with the aim to stimulate models of consumption which facilitates excessively

- unequal load of the system and to achieve reduction of costs of procurement and distribution of electricity.
- (2) Tariff rates can be different for the periods during the year (seasonal tariff rates) and for the period during the day (daily tariff rates).

#### PART FOUR – DETERMINATION OF PRICES AND TARIFF RATES

##### **Article 35 (Principle of determination of tariff rates)**

Tariff rates are determined in a way to provide for adaptation of electricity consumption to the conditions and possibilities of the electric power system, to stimulate customers to rationally use electricity, encourage the principle of energy efficiency and to allocate costs on end users proportionally to costs caused to the electric power system taking into account the voltage level, point, method, amount and time of taking electricity.

##### **Article 36 (Types of prices and tariff rates)**

Tariff methodology provides that, in the electric power system of RS, the following is determined:

- a) price of electricity generation at the plant outlet which has the public service obligation for the purposes of determination of the generation price at the plant outlet for tariff customers;
- b) tariff rates for distribution system users in Republic of Srpska which include the costs of using transmission network (service of Elektroprenos BiH, ISO and ancillary services), calculated at the tariffs approved by SERC and
- c) tariff rates for supply of non-eligible customers with electricity in RS;

##### **Article 37 (Prices for eligible customers)**

- (1) Eligible customers pays electricity at the price which contains the contracted generation price of electricity (procurement price) and price of supply, and price of using transmission network and price of using distribution network.
- (2) Generation price (procurement) of electricity and price of supply for eligible customer which is entitled to be supplied in the public service obligation system with the public (supplier of last resort) supplier is determined pursuant to the Rule book on eligible customer.

## CHAPTER I – DETERMINATION OF THE ELECTRICITY PRICE AT THE PLANT OUTLET

### **Article 38 (Prices at the plant outlet)**

- (1) The price of electricity at the plant outlet is determined for each regulated electric power generation company which is obliged to offer the public service, based on the approved revenue requirement, determined pursuant to chapter I and II, part two of this Rule, and plan of electricity generation determined pursuant to Article 6 of this Rule.
- (2) The price of electricity at the plant outlet is determined in the tariff proceedings for the purposes of:
  - determination of costs of electricity generation for establishment of tariff rates for supply of tariff customers with electricity pursuant to the Law and this methodology,
  - determination of costs of electricity generation for establishment of tariff rates for public supply (supplying of last resort), supply of eligible customers with electricity pursuant to the Law, Rule book on eligible customers and other regulations which regulate the issues of the market opening, volume and conditions of guaranteeing universal service for public customers and obligation of public service determined for the public supplier (supplier of last resort),
  - determination of costs of offering ancillary services in the electric transmission network for calculation of tariffs which are based on costs of the ancillary services, pursuant to the methodology for calculation of costs of these services;
  - determination of costs of the approved losses of electricity in the distribution network and
  - determination of the reference price for buyout of electricity generated from renewable energy sources and efficient co-generation in the incentive system;

### **Article 39 (Costs of ancillary services)**

- (1) Generator of electricity doing regulated electric power activity is obliged to identify and calculate total and unit additional costs of ancillary services offering as ordered by the system operator, including generation of reactive electricity with factor of capacity lower than nominal factor of generation unit capacity;
- (2) Costs of ancillary service offered by generators referred to in paragraph (1) of this Article as ordered by ISO are recognized on the basis of the

documented calculations submitted by generators, taking into account the fair reimbursement of the actually occurred costs.

**Article 40**  
**(Revenue from other customers)**

While determining the approved revenue requirement referred to in Article 38, paragraph (1), the revenue from the sale of electricity to the customers not being (illegible) tariff ones is not determined other revenue from the licensed assets which should, according to Article 22, be the deducting item.

**Article 41**  
**(Structure of the price at the plant outlet)**

The price of electricity at the plant outlet may be determined as the one-component, only for electricity in BAM/kWh, calculated as the ratio of total approved revenue requirement and total planned generation of electricity at the plant outlet, or with components, namely separately the price of the available capacity in BAM/kWh annually calculated as the ratio of the totally approved fixed costs, which the approved return and planned available capacity is included in, and separately the price of electricity in BAM/kWh calculated as the ratio of totally approved variable costs and determined planned generation of electricity at the plant outlet.

**Article 42**  
**(Weighted average price at the outlet of all plants)**

- (1) Regulatory Commission approves the price at the plant outlet for each regulated electric power company of the licensee for generation of electricity which is obliged to offer the public service and determines the weighted average price at the plant outlet of generators in the public service system in RS.
- (2) The weighted average price at the plant outlet of all generators in the public service system in RS is calculated as the weighted average of the approved prices at the plant outlets operating in the public service system.

**Article 43**  
**(Generation in the public service obligation system)**

- (1) Generators of electricity in RS are obliged to provide for electricity in the public service obligation system pursuant to the law, issued license requirements for doing activity, Rule book on eligible customer and other documents which define this area, equally take part in providing electricity



- for the purposes of supply of non-eligible (tariff) customers with electricity and eligible customers supplied by public supplier (supplier of last resort).
- (2) Share of each generator of electricity that has obligation to offer the public service is determined proportionally to total consumption of electricity of customers that are entitled to be supplied within the public service obligation system in RS, reduced for the share which is provided by the generator of electricity from RES and efficient co-generation in the system of the obligatorily buyout and total generation of electricity of these generators.

#### **Article 44**

##### **(The price at the plant outlet for supply of non-eligible customers)**

The average price of electricity at the plant outlets which are used while determining tariff rates for supply of non-eligible (tariff) customers in RS is determined as the quotient of the approved revenue requirement of that plant and totally planned generation of electricity at the plant outlet.

#### **Article 45**

##### **(Allocation of costs of generation on suppliers of tariff customers)**

Costs of electricity generation are allocated on the suppliers of tariff customers and tariff customers in the same way, according to the average price of electricity generation at the plant outlet and realized consumption of electricity of tariff customers which may be differentiated depending on the season and part of the day.

## **CHAPTER II – DETERMINATION OF TARIFF RATES FOR DISTRIBUTION SYSTEM USERS**

### **Section A. Costs of using transmission and distribution network**

#### **Article 46**

##### **(Justified costs of using distribution network)**

- (1) Costs of using distribution network in Republic of Srpska are recognized in the amount of the approved revenue requirement for all regulated electric distribution companies in Republic of Srpska, determined pursuant to the provisions of Chapters I and II, part two of this Rule book.
- (2) Justified costs of using distribution network, apart from costs referred to in paragraph (1) of this Article include also the costs of approved distribution losses.

**Article 47**  
**(Costs of losses of electricity in distribution network)**

- (1) The level of approved distribution losses is determined in percentages from the electricity taken separately for each voltage level which the electricity is taken from.
- (2) While recognizing the level of the approved losses in distribution network, data on the structure and condition of the network and metering devices are used as well as the data on the structure of consumption of active and reactive electricity, as well as the data referred to the Study on losses, benchmarking and other available data.
- (3) Exceptionally, a higher level of distribution losses may be recognized than those obtained on the basis of criteria referred to in paragraph (2) of this Article, if the company made a plan for reduction of losses based on the relevant analysis and if it offers the evidences to comply with that plan.
- (4) Costs for reimbursement of electricity losses in the distribution network are recognized in the amount required to meet the approved losses at the price of generation (procurement) of electricity for supply of non-eligible (tariff) customers, while the pertaining costs of the transmission network use are expressed within the costs of using transmission network.

**Article 48**  
**(Fee for connection as other revenue for distribution)**

- (1) Pursuant to the principle of universal and equal access to electricity, the fee for connection to the distribution network which is charged by the regulated electric distribution company, pursuant to the Rule book on methodology for determination of the fee for connection to the distribution network, is based on the costs of connection and in an appropriate way is taken into account while determining the approved revenue requirement referred to in Article 46, paragraph (1) of this Rule.
- (2) The amount of the fee for connection referred to in previous paragraph which was determined as the revenue of the current period is considered other revenue from the distribution activity realized by using the licensed means and represents the deducting item while determining the revenue requirement.

**Article 49**  
**(Excessively taken reactive electricity in the distribution network tariff)**

- (1) Costs of the excessively taken reactive electricity in the distribution network are determined on the basis of data submitted by regulated electric power companies on identified and calculated costs which occur as the consequence of the necessity to have additional capacities and additional losses of active

electricity in the distribution network due to excessively taken reactive electricity.

- (2) Costs caused by the excessively taken reactive electricity in the distribution network are recognized as justified costs of the distribution activity.

**Article 50**  
**(Accounting unbundling of the distribution activity)**

For the purposes of fair determination of the approved revenue requirement, the companies which have the license for distribution of electricity are obliged to make the accounting unbundling of the distribution from other activities, including the unbundling from the activity of supply of tariff customers.

Article 51  
(Recognition of costs of using transmission network)

Costs of using transmission network at high voltage are recognized in the amount determined on the basis of the unit price of the services of Elektroprenos BiH, ISO and ancillary services determined by the State Regulatory Commission for electricity and electric power balance for the tariff period.

Section B. Tariff rates for distribution system users

**Article 52**  
**(Network tariff)**

Tariff rates for distribution system users (network tariff) in RS are determined in a way to enable covering the costs of using transmission network and costs of using distribution network.

**Article 53**  
**(Cumulative principle)**

Tariff rates for distribution system users at voltage levels are determined applying the cumulative principle, which means that the tariff for the beneficiary that takes electricity at lower voltage level includes also the pertaining part of costs for using network at higher voltage levels.

**Article 54**  
**(Allocation of costs for using distribution network)**

- (1) Costs of using distribution network are allocated on end users through the tariff element of the capacity charge, active electricity, excessively taken reactive electricity and metering point of the customer.

- (2) Costs of the distribution capacity are allocated on the tariff element of capacity, costs of losses of electricity are allocated on the tariff element of active electricity, costs caused by the excessively taken reactive electricity are allocated on the tariff element of the excessively taken reactive electricity, while the costs related to the connection and metering point (maintenance, reading, service center, etc) are allocated on the tariff element of metering point.
- (3) Allocation of costs of using distribution network referred to in Article 46, paragraph (1), namely allocation of costs of distribution capacities which the costs of distribution losses are not included in, costs of the excessively taken reactive electricity and costs of the metering point, on the categories of consumption and tariff groups is done applying the analysis of the long-term marginal cost of the distribution capacity, namely the cost of construction of the additional unit capacity of the distribution network for a part of the distribution network – a representative sample or total distribution network in RS or applying the method based on the proportional value of the fixed assets at voltage levels.
- (4) Based on the long-term marginal cost of the distribution capacity or proportionally value of the fixed assets at voltage levels, the amounts of share of some categories of consumption and tariff groups in the costs of the distribution capacities are determine which serve for allocation of costs of using distribution network referred to in paragraph (3) of this Article on the category of consumption and tariff group.

#### **Article 55**

#### **(Allocation of costs of using transmission network)**

Costs of using transmission network – services offered by Elektroprenos BiH, ISO and costs of ancillary services are allocated on the distribution system users on the basis of the analysis of load and their share in the load of the electric power system and are allocated on the tariff elements pursuant to the method which SERC makes allocation of costs on tariff elements for the transmission system users (distribution and end users connected to high voltage) and characteristic of costs (fixed and variable).

#### **Article 56**

#### **(Determination of tariff rates for distribution system users)**

- (1) Tariff rates for distribution system users – end users are determined on the basis of total costs for distribution system users, namely the costs of using distribution network and costs of using transmission network and plan of consumption of end users in RS.
- (2) Tariff rates for some tariff elements (capacity charge, active electricity, excessively taken reactive electricity, metering point) are determined by adding tariff rates for using transmission network and tariff rates for using

distribution network which are allocated on the categories on consumption, tariff groups and tariff elements pursuant to Article 54 and 55 of this Rule book.

**Article 57**  
**(Re-allocation of the capacity costs)**

- (1) Regulatory Commission may, at the request of the regulated company or on its own initiative approve that a part of total costs of the capacity for customers at low voltage whose capacity charge is not determined by measuring, namely the fixed costs which should be reimbursed by its nature form the tariff rate for the capacity charge or tariff rate for the metering point of re-allocation and reimbursement through the tariff rate for active electricity.
- (2) The base for re-allocation may be the time of using peak load, relative share of load of the customers in the concurrent peak load of the system (coefficient of concurrence), the ration of the active electricity used and peak load and other indicators of consumption, typical for the respective groups of customers.

**Article 58**  
**(Tariff rates for distribution system users per the period of consumption)**

- (1) Tariff rates for distribution system users can be different for the periods during the year (seasonal tariff rates) and for the period during the day (daily tariff rates).
- (2) Tariff rates for the capacity charge and excessively taken electricity, for the distribution system users, are determined only for the period of high daily tariff rates.
- (3) Seasonal and daily tariff rates, their ratios, duration and application are determined on the basis of analysis of consumption and load of the system and pricing flexibility of consumption per groups of customers within the given period based on data of the regulated companies, ISO and data from other sources.

**CHAPTER III – DETERMINATION OF TARIFF RATES FOR SUPPLY OF NON-ELIGIBLE CUSTOMERS WITH ELECTRICITY**

**Article 59**  
**(Costs of supply)**

- (1) Costs of supply are recognized to suppliers of non-eligible customers in the amount of the approved revenue requirement, determined pursuant to provision of chapters I and II, part two of this Rule.
- (2) The supply service which the revenue requirement is approved for is related to costs of doing data processing on the metering points and customers, contract administering, invoicing, submission of bills, payment, service center for customers and similar.
- (3) The approved revenue requirement of the supply service includes apart from costs referred to in paragraph (1) of this Article and reserving for non-payable receivables.
- (4) Costs of reserving for non-payable receivables are recognized according to the total value of the invoiced realization in the year of the tariff period in the amount of up to 1% of the invoiced realization.
- (5) The approved revenue requirement of the supplier of non-eligible customers (tariff) customers obtained pursuant to paragraph (1) and (3) of this Article may if applicable be corrected for the purposes of equalizing the supply service price for all tariff customers in RS.

**Article 60**  
**(The supply service price)**

- (1) The supply service price for tariff customers in RS is calculated on the basis of costs of the supply service of all suppliers of tariff customers in RS and plan of consumption (supply) of all tariff customers in RS.
- (2) The price of supply for tariff customers are determined in the fixed amount per the metering point for the categories of consumption and tariff groups, but in the tariff rates for supply of tariff customers may be allocated on other tariff elements.
- (3) Apart from the fixed costs of the service per the metering point, the price of the supply service may also include additional variable costs depending on the volume of consumption of customers.

**Article 61**  
**(Determination of tariff rates for supply of tariff customers)**

- (1) Tariff rates for supply of non-eligible (tariff) customers with electricity are determined on the base of total pertaining costs of generation (procurement) of electricity, costs of using transmission and distribution network and costs of supply and plan of consumption (supply) of all tariff customers in RS, determined pursuant to Article 6 of this Rule.
- (2) Pertaining costs of generation (procurement) of electricity are determined on the basis of the average weighted price of generation of electricity at the plant outlet for supply of tariff customers, determined pursuant to Article 42

and 44 of this Rule and plan of consumption (supply) of all tariff customers in RS.

- (3) The pertaining part of costs of using transmission and distribution network are determined on the basis of tariff rates for using transmission network for consumption at 110 kV voltage and tariff rates for distribution system users and plan of consumption (supply) of all tariff customers in RS.
- (4) The pertaining part of costs of the supply service is obtained on the basis of the average price of supply of all suppliers of tariff customers in RS, determined pursuant to Article 60 of this Rule and plan of consumption (supply) of all tariff customers in RS.
- (5) Tariff rates for some tariff elements (capacity charge, active electricity, excessively taken reactive electricity, metering point) are determined by adding the prices of generation (procurement) of electricity, tariff rates for using transmission network and tariff rates for using distribution network which are allocated the categories of consumption, tariff groups and tariff elements pursuant to article 45, 54, 55, 57 and 60 of this Rule.

### **Article 62**

#### **(Tariff rates for supply of tariff customers per the period of consumption)**

- (1) Tariff rates for supply of tariff customers may be different for the periods during the year (seasonal tariff rates) and for the periods during the day (daily tariff rates), and depending the method of determination of the price of generation (procurement) of electricity for tariff customers, tariff rates for transmission network use and tariff rates for distribution system users.
- (2) Seasonal and daily tariff rates, their relations, duration and application are determined on the basis of the analysis of consumption and load of the system, pricing flexibility of consumption per categories of consumption and tariff groups in given periods and movement of electricity prices at the market, based on the data of the regulated electric power companies, ISO and data from other sources.

## **PART FIVE – TARIFF PROCEEDING**

### **Article 63**

#### **(Initiating the tariff proceeding)**

- (1) The approved revenue requirement of the regulated electric power company, prices and tariff rates are determined in the tariff proceeding.
- (2) Tariff proceeding is initiated by submitting the application for approval of prices or tariff rates by the regulated electric power company or at the initiative of the Regulatory Commission.

**Article 64**  
**(Reasons for initiating the tariff proceeding)**

- (1) The application for initiating the tariff proceeding for approval of tariff rates may be filed for the purposes of full or partly modifications of the tariff rates.
- (2) The application for initiating the tariff proceeding for approval of prices and tariff rates may be filed in order to change the approved revenue requirement due to the change of one or more components of the revenue requirement.

**Article 65**  
**(Tariff proceeding conduct)**

- (1) The tariff proceeding may be conducted pursuant to provisions of the Tariff methodology and Rule book on public hearing and settlement of disputes and complaints.
- (2) The burden of proof in the tariff proceeding is borne by the applicant.

**Article 66**  
**(Applicants)**

- (1) The application for approval of prices or tariff rates is submitted to the Regulatory Commission by the regulated electric power company as follows:
  - a) the company, licensee for generation of electricity, which is obliged to offer public service, submits the application for approval of prices of electricity at the plant outlet for the purposes of the tariff customers' supply,
  - b) the company, licensee for distribution of electricity submits an application for approval of tariff rates for distribution system users and
  - c) the company, licensee for supply of non-eligible customers, submits an application for approval of tariff rates for supply of non-eligible customers with electricity;
- (2) One or more regulated electric power companies may appoint the physical or legal person to prepare the application and represent them in the tariff proceeding.

**Article 67**  
**(Collective application)**



- (1) Regulated electric power companies in RS may submit a joint-collective application for approval of prices or tariff rates for all regulated electric power activities or collective application per activities.
- (2) In application referred to in paragraph (1) of this Article, the applicant is obliged to submit the application forms, other prescribed forms and documents for each regulated electric power company separately, based on which justification of costs of doing regulated electric power companies may be determined and approved revenue requirement for each regulated electric power company which the collective application is submitted for.

**Article 68**  
**(Submission of application)**

- (1) Application for approval of prices or tariff rates by the regulated electric power company is submitted in forms prescribed by Regulatory Commission, which are available at the website and in premises of RERS.
- (2) The applicant submits, along with the filled in application, the filled in forms and other necessary documents as prescribed by the Rule book on reporting and other documents considered relevant for proving of data from the application.
- (3) The application, forms and documents referred to in paragraph (1) of this Article are submitted in writing, verified and signed by the person authorized for representation of the applicant in one copy and electronically – protected compact disc, in appropriate format (doc, xls, pdf).
- (4) The statement on accuracy and validity of the submitted data, with full responsibility is signed by the person authorized for representation of the applicant.
- (5) The regulated electric power company is obliged to, for each business year, which the financial data in the tariff proceeding are submitted for, provide for opinion of the independent auditor on the accuracy and reliability of data expressed in the financial reports.
- (6) The regulated electric power company which performs one or more regulated electric power activity and the company which, apart from regulated also performs other activities, is obliged to provide for the opinion of the independent auditor on allocation of costs per segments.
- (7) The applicant that previously submitted prescribed forms and accompanying documents to the Regulatory Commission, is not obliged to submit the same forms and documents while submitting application for approval of prices or tariff rates.

**Article 69**  
**(Determination of the complete application)**

- (1) Regulatory Commission checks the submitted application and if it determines that it is complete, it publishes Public notice on the submitted application.
- (2) If the application contains the failures which prevents acting on it, the applicant is informed in writing about the failure, he is determined a reasonable period in which he is obliged to remove all failures and he is warned about the consequences in case of non-removal of failures or absence of submission of additional documents or information within the prescribed term.
- (3) The application is considered complete when all requested documents are submitted along with the application pursuant to the Rule book on reporting and this Rule.
- (4) If the applicant for approval of prices or tariff rates does not submit all prescribed data or submits the incomplete and non-documented data with its application for approval of tariff even upon the expiry of the given deadline, Regulatory Commission makes a conclusion to reject an application or makes the estimate of the missing data and continues with the tariff proceeding pursuant to Articles 75, 76 and 77 of this Rule.

#### **Article 70**

#### **(Notice of the applicant on the submitted application for approval of tariffs)**

- (1) The regulated electric power company which submits an application for approval of prices or tariff rates submits individual notice on the submitted application to all customers in an appropriate way.
- (2) The notice referred to in paragraph (1) of this Article contains:
  - a) percentage of the proposed change of the tariff for that customer,
  - b) proposed date of commencement of application of the proposed change of the tariff,
  - c) right of the customer to ask for information related to the current and proposed tariffs,
  - d) that the hearings during the tariff proceeding are open to the public;

#### **Article 71**

#### **(Initiating the tariff proceeding at the initiative of the Regulatory Commission)**

- (1) In the tariff proceeding which is led at the initiative of the Regulatory Commission, regulated electric power companies are obliged to determine, within the deadline prescribed by Regulatory Commission, submit the requested documents, data and information;
- (2) If the regulated electric power company does not act as ordered by the Regulatory Commission referred to in paragraph (1) of this article, Regulatory Commission may estimate data which should be submitted by

the electric power company, complying with the principle of prudence in a way that the costs are recognized at lower value or to make decision based on the available data.

- (3) Costs which occur due to failure of the regulated electric company referred to in paragraph (1) of this Article are borne by that regulated electric power company.

### **Article 72 (Public hearing)**

- (1) Regulatory Commission makes decision on the type, number, point and time of holding public hearing which shall be held in the tariff proceeding, subject of the hearing, method and deadlines for submission of the public comments, presiding officer, while when it is about the formal hearing, it establishes the criteria and deadline for getting a status of the intervener to the tariff proceeding.
- (2) Regulatory Commission may organize general, technical and formal hearing in the tariff proceeding pursuant to the Rule book on public hearings and settlement of disputes and complaints.
- (3) In the tariff proceeding, it is obliged to organize a formal hearing for the purposes of the immediate demonstration of the proofs, and complete and proper determination of facts.

### **Article 73 (Public notice)**

- (1) Regulatory Commission publishes the public notice about the submitted application and public hearing holding which contains the following:
  - a) place and time of the hearing,
  - b) name of the applicant,
  - c) subject of the hearing,
  - d) description of the application content for initiating the tariff proceeding,
  - e) criteria and deadline for submission of the application for getting a status of the intervener to the tariff proceeding, when it is about the formal hearing,
  - f) method and deadline for submission of comments,
  - g) information on possibilities to inspect the documents (application);
- (2) The public notice is published in daily newspapers available along the whole territory of RS, at the notice board and website of the Regulatory Commission.
- (3) Public may inspect the information which, at the request of the applicant, have been protected by the Confidentiality clause pursuant to provisions of the Rule book on confidential information.

**Article 74**  
**(Additional data and facts)**

- (1) During the tariff proceeding, Regulatory Commission may request submission of additional data and information of importance for determination of prices and tariff rates for electricity.
- (2) Regulated company is obliged, at the request of the Regulatory Commission, to submit for inspection of requested data and information available.

**Article 75**  
**(Reasons for estimate)**

The estimate of data may be done in case that the request cannot be considered complete, because the regulated electric power company which submits the application:

- a) has neither made the accounting unbundling of activities or appropriate financial reports have not been made pursuant to provisions of Tariff methodology, Rule book on reporting and Uniform regulatory chart of accounts or
- b) has not made appropriate analysis of load or data on the typical load (diagrams of consumption, concurrent and non-concurrent peak load) have not been submitted for the categories of consumption and tariff groups proposed in its application for approval of tariff rates or
- c) has not submitted all requested data;

**Article 76**  
**(Estimate of the missing data)**

- (1) In case referred to in Article 75, point a) the regulated company which, apart from the regulated activities, does non-regulated activities or does several regulated electric power activities, is obliged to, in its application, make the estimate of the pertaining assets and costs per activities.
- (2) The estimate referred to in paragraph (1) of this Article necessarily contains the explanation of the applied criteria and procedures for allocation of assets and costs.
- (3) Regulatory Commission may ask for verification of the estimated assets and costs per activities referred to in paragraph (1) of this Article by the independent audit, pursuant to provisions of this Rule book, and based on it, make adjustment of costs of doing regulated electric power activity.

- (4) In case of Article 75, point b) Regulatory Commission may at the proposal of the electric power company or at its own initiative apply a relative ratio of other company of similar structure and characteristics of consumption or data from the electric power system in neighborhood or make an estimate.
- (5) Regulatory Commission may make the estimate of the missing data based on the benchmarking data for the same or similar activity or order the creation of the estimate form the eligible appraiser, whereby the costs of such estimate shall be borne by the applicant.

**Article 77**  
**(Analysis of the reliability estimate)**

If the estimate of the missing data was done pursuant to Article 76 does not provide sufficiently reliable data required for making decision on prices and tariff rates, the proceeding is terminated and the application is rejected.

**Article 78**  
**(Estimate of evidences)**

- (1) During the tariff proceeding, the deciding fact are determined based on the prudent and careful estimate of each proof separately and all proofs collectively, as well as on the basis of the whole proceeding.
- (2) Based on the collective data:
  - a) all costs and revenues submitted as the base for the proposed prices and tariff rates are analyzed and verified, and accepted, refused in total or partly or any item which is not justified is modified;
  - b) all assets proposed to be a part of the regulatory base are analyzed and verified, and some items are accepted, refused in total or partly or values of any of those assets are modified;
  - c) each item or analysis used for calculation of the proposed tariff is accepted, refused in total or partly or modified and
  - d) the proposed tariff design is accepted or adjusted in an appropriate way;

**Article 79**  
**(Presiding Officer Report)**

- (1) Upon the public hearing held, the Presiding Officer makes Report in writing with recommendation for making decision on the tariff proceeding, submitted by the applicant and deadline for submission of comments on report is determined;
- (2) The presiding officer report with the standpoint related to the submitted comments is submitted to Regulatory Commission, in order to make a final decision.

**Article 80**  
**(Deadline for termination of the tariff proceeding)**

- (1) The final decision in the tariff proceeding is submitted no later than six months, from the date of submission of the complete application.
- (2) If it determined that the deadline referred to in paragraph (1) of this Article, due to complexity of the subject, was not sufficient, the same may be extended by the decision of the Regulatory Commission, for three months at most.

**Article 81**  
**(Decision of the Regulatory Commission in the tariff proceeding)**

- (1) Upon the completed tariff proceeding, Regulatory Commission in its regular session makes decision on the submitted application.
- (2) Decision of Regulatory Commission is final and the administrative dispute proceeding may be initiated at the competent court.

**Article 82**  
**(Publication and application of the tariff)**

- (1) Regulatory Commission submits to the parties to the proceedings decisions and rulings on prices and tariff rates in which, apart from the approved prices and tariff rates, it states the commencement of their application.
- (2) Decisions and rulings of Regulatory Commission made in the tariff proceedings are published in the Official Gazette of RS, and at the website of the Regulatory Commission.
- (3) Decisions and rulings made by Regulatory Commission should be published at the website of Regulatory Commission no later than 17 days before commencement of their application.
- (4) Regulated companies are obliged to make available decisions and rulings on prices and tariff rates determined by decision of Regulatory Commission to their beneficiaries no later than 15 days before commencement of their application.

**PART SIX – APPLICATION OF TARIFF RATES**

**Article 83**  
**(Application of tariff rates for distribution system users)**

Tariff rates for distribution system users are valid and equally applicable for all end users, distribution system users in a uniform way on the whole territory of RS, in order to provide all customers in RS, belonging to the same category of

consumption or tariff groups, with a possibility to pay the same tariff rates for supply with electricity.

**Article 85**  
**(Equalization of tariff rates)**

- (1) While submitting an application for approval of tariff rates for distribution system users and tariff rates for supply of tariff customers, the regulated electric power companies are obliged to propose the tariff rates required for covering the requested revenue requirement.
- (2) Based on the application referred to in paragraph (1) of this Article, Regulatory Commission approves the revenue requirement of the regulated electric power companies and based on such determined revenue requirement and plan of consumption of end users of the distribution system users in RS, namely tariff customers in RS, it established the uniform tariff rates for distribution system users and uniform tariff rates for supply of tariff customers with electricity.

**Article 86**  
**(Settlement)**

- (1) The difference between the approved revenue requirement of the regulated distribution electric power company and revenue obtained by applying uniform tariff rates for the planned consumption of that distribution area is a base for settlement between distributors.
- (2) Decision on method of settlement between distributors is made by Regulatory Commission at the proposal of distributor, taking into account the relative share of each distributor in the total volume of the services rendered.
- (3) The principle of equalization of tariff rates for distribution system users is described in the Annex entitled Guidelines for application of Tariff methodology, which is an integral part of this Rule.

**Article 87**  
**(Principle of gradual changes)**

- (1) Complying with the principle of gradual introduction of the internationally accepted regulatory practice, Regulatory Commission takes care to avoid sudden and drastic changes of the tariff rates.
- (2) Pursuant to paragraph (1) of this Article, Regulatory Commission may limit relative changes of prices and tariff rates in one tariff proceeding.

**Article 88**  
**(Non-allowed activities)**

The regulated company is not allowed to invoice, charge or pay, for any regulated electric power activity which is provided on the territory of RS or for any service related to it, higher or lower price or tariff rate than the one stated in Decision of Regulatory Commission which determines the prices and tariff rates pursuant to provisions of this Rule.

**Article 89**  
**(Monitoring of the tariffs' application)**

- (1) Regulatory Commission makes regular monitoring of application of the determined prices and tariff rates.
- (2) Regulatory Commission may, on its own initiative or on the initiative of some other interested party, initiate the procedure to check the application of the prescribed prices and tariff rates and business practice which affects them, and may undertake measures pursuant to its competences to remove the unacceptable practice and non-compliance with the determined prices and tariff rates.

PART SEVEN – TRANSITIONAL AND FINAL PROVISIONS

**Article 90**  
**(Interpretation and amendments)**

- (1) Interpretation of provisions of this Rule book is given by Regulatory Commission.
- (2) Amendments to this Rule book are made per the proceeding valid for its making.

**Article 91**  
**(Effective Date)**

- (1) This Rule book becomes effective on the eight day from the date of its publication in the Official Gazette of RS.
- (2) The effective date of this Rule book makes the Rule book on tariff methodology and tariff proceeding (Official Gazette of RS, number 61/05) no more valid as well as Decision on determination of the application templates for approval of prices and tariffs and templates for technical and financial data (Official Gazette of RS, number 61/05 and 59/07).

Number: 01-244-11/12  
Trebinje, 13 September 2012  
President  
Milenko Cokorilo