

**UNECE Committee on Sustainable Energy**  
**Opening Session of the Committee on Sustainable Energy**

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**DEVELOPMENT OF SOUTH-EAST EUROPEAN  
REGIONAL ENERGY MARKET  
EXPERIENCE OF BOSNIA AND HERZEGOVINA**

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# Bosnia and Herzegovina General Figures



**Area: 51,129 km<sup>2</sup>**

**Borders length (km): 1,538**  
**Land / River / Sea:**  
**774/751/13**

**Population: (1991) 4,37 mil**  
**Capital: Sarajevo**  
**GDP per capita: 1582 USD**

**Administratively divided**  
**on two entities:**  
**Federation B&H and**  
**Repubilka Srpska**



# BiH Government Structure



**I – State level**

**B & H**

**Energy**

- Public Corporations
- Electricity law
- Gas law
- SERC
- TRANSCO
- ISO

**II – Entities**

**FBH**

**RS**

**Energy**

- Laws
- Rules
- Decisions
- Standards
- FERC, RSERC
- Utilities

**III – Cantons**

**1,2... 10**

**IV = Local level**

**City / Municipality**

**City / Municipality**

# BiH Energy Resources



## ◆ **INDIGENOUS ENERGY RESOURCES:**

### **COAL AND HYDROPOWER**

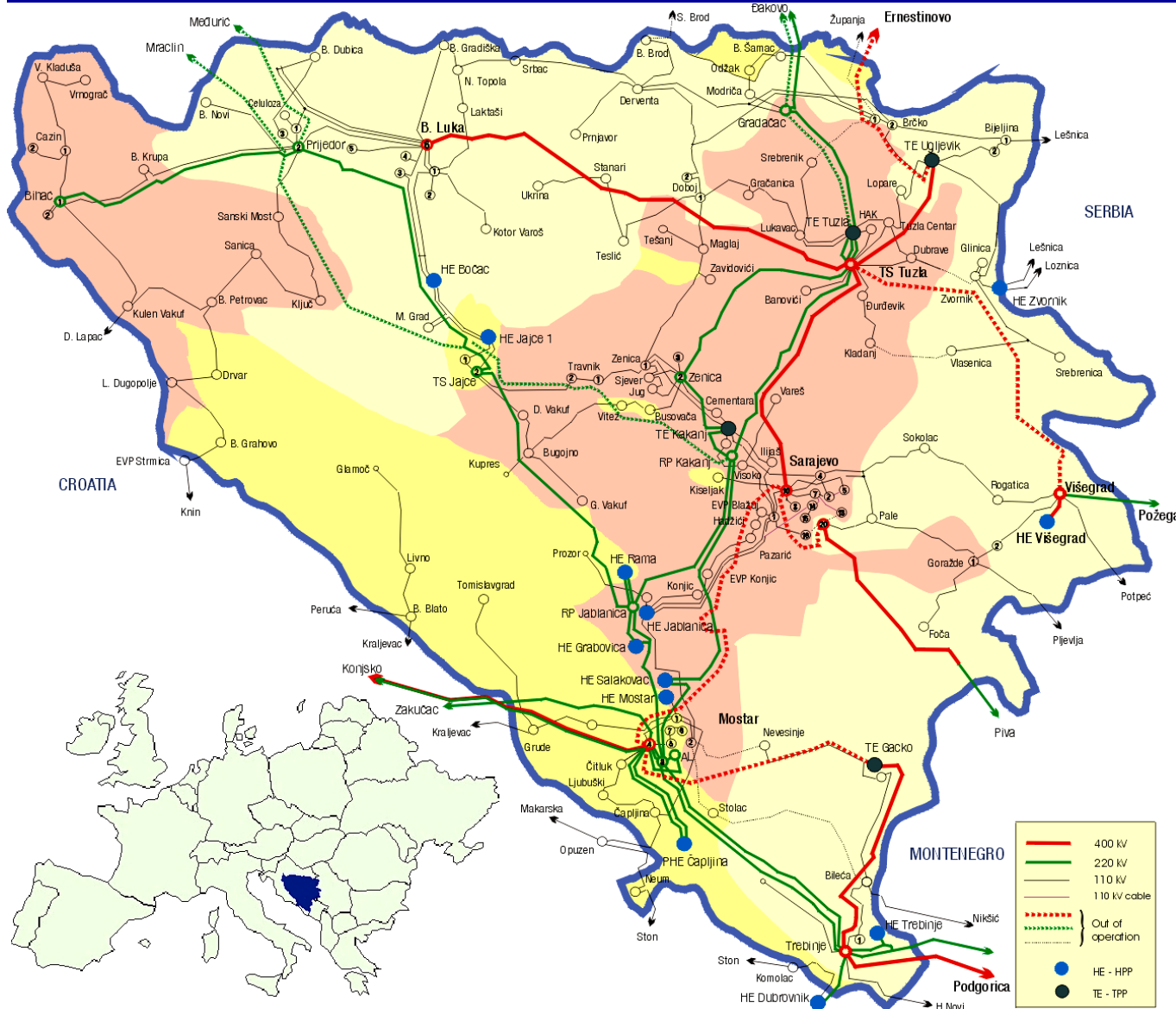
- ❖ **Significant coal resources: Coal accounts for 93 % of total energy potentials of BiH according to the currently identified reserves**
- ❖ **Utilization level of hydro potential is around 40 %**

## **IMPORTED ENERGY RESOURCES**

### **Natural Gas and Oil**

- ◆ **PARTICIPATION OF INDIGENOUS ENERGY RESOURCES IN TPES: 66 %**

# BiH Electric Power System

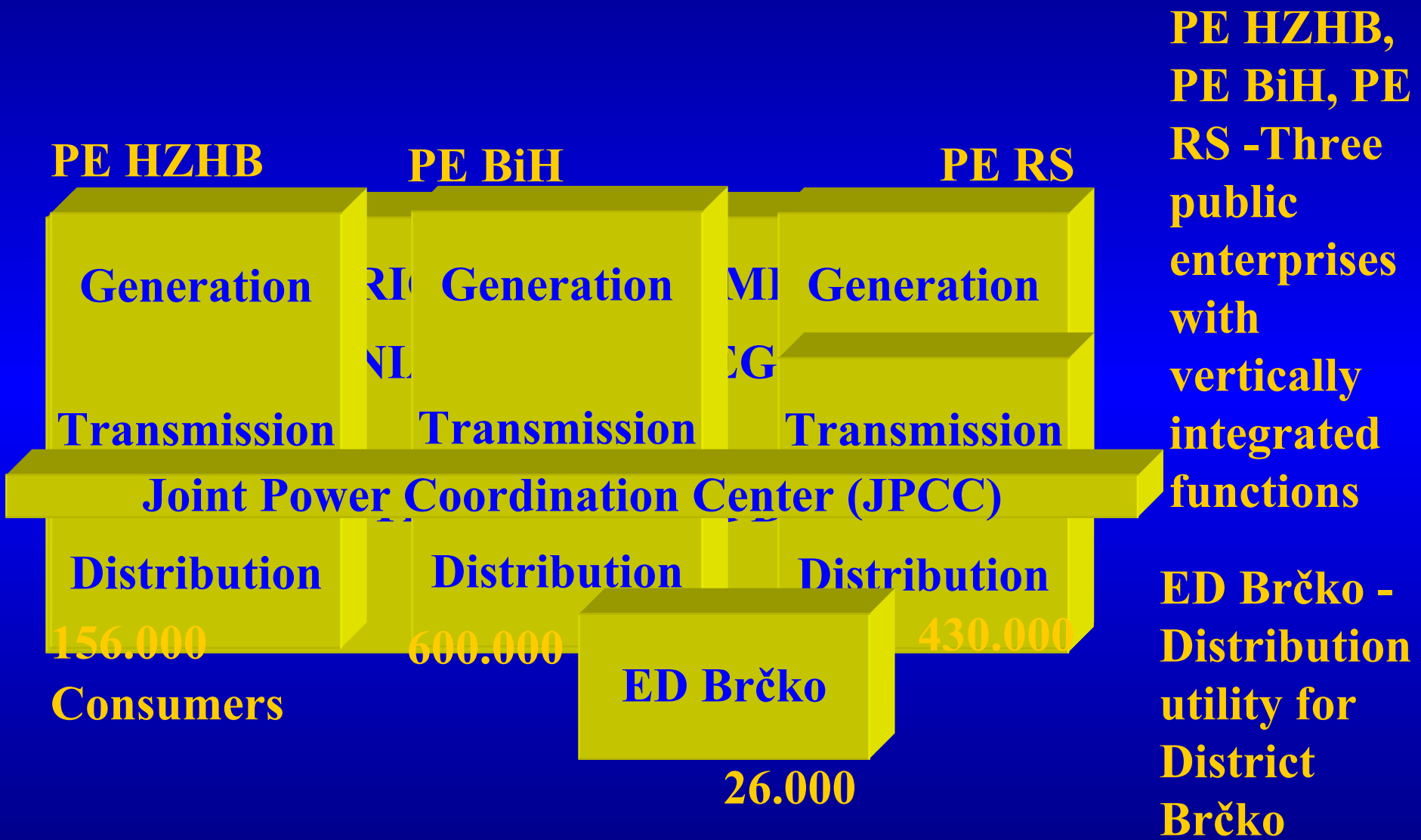


- ◆ **Generation capacities:**  
**Total 3991 MW (HPP/TPP: 51/49)**
- ◆ **HV Transmission network:**  
**5,434 km HV lines (400,220,110kV), 9,357MW transformer capacity**
- ◆ **Resynchronized with UCTE**
- ◆ **Production in 2004:**  
**12 773,18 GWh**

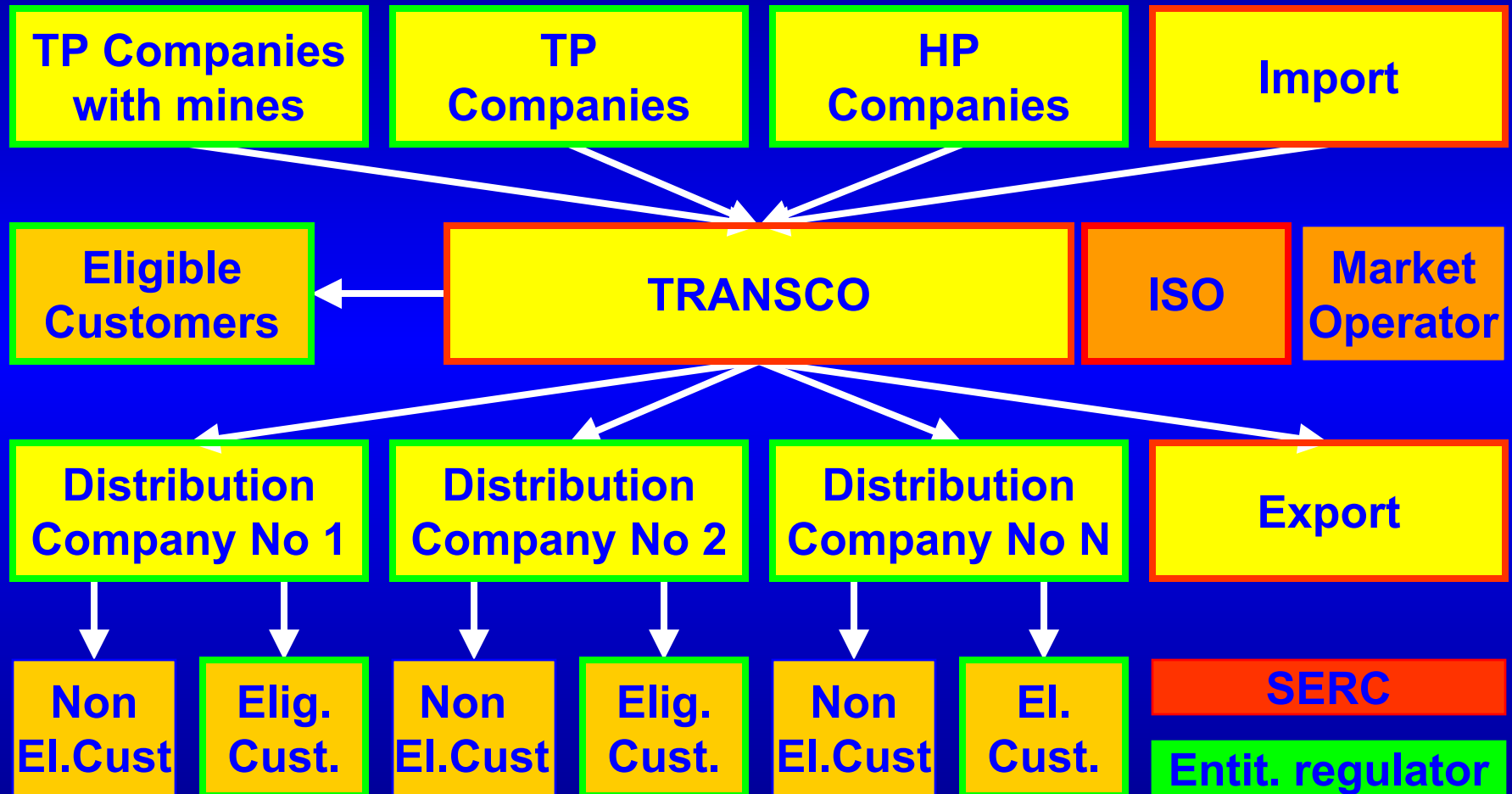
# BiH Natural Gas Pipeline



# Current Institutional Arrangement in Electricity



# Future Market Players



# Recent progress to comply with Athens MoUs

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- ◆ Actions plans for restructuring of electricity sectors in the Federation of BiH and in the Republika Srpska are adopted
- ◆ Electricity legislation to implement EU Directive 92/96/EC is in place
- ◆ Regulatory Commissions (one state's and two entity's) are in operation
- ◆ Separation of transmission function from 3 EPs is under way as well as transformation of JPCC into ISO
- ◆ ISO and TRANSCO being formed: Management Boards are approved and general managers for the companies are under selection

# Other Energy Reform Actions



- ◆ Policy Statement adoption – 2000
- ◆ Development of Restructuring and Privatization Study – USAID, 2001
- ◆ Development of Study on Tariffs, EBRD 1998
- ◆ Study on Social Assessment of Electricity Consumers and Evaluation of related social protection programs, WB 2003
- ◆ Adoption of BiH Medium Term Development Strategy (2004-2007) – PRSP, 2004
- ◆ Action plans for restructuring and modernization of coal mines
- ◆ EC approval of CARDS 2005 Project: Strengthening of Energy Department within MOFTER and development of blueprint for Energy strategy, (Project 2006/07)

# SEEREM – Opportunities for BiH

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- ◆ Economic recovery for BiH – opportunities for power trade
- ◆ Strengthening the state level authorities
- ◆ Support to energy system integration (re-synchronization with UCTE)
- ◆ Increase the reliability and availability of energy system to all consumers
- ◆ Facilitate BiH integration with EU
- ◆ Improvement of environmental situation
- ◆ Increased attractiveness for investors

# SEEREM – BiH Barriers to Progress



- ◆ Constitutional issues: Three governments for energy matters, three public electricity utilities:
  - Three Electricity Laws – harmonization problem
  - Two Action Plans on restructuring of electricity sector – harmonization problem
  - Three regulatory commissions – unification problem
  - No single economic space
- ◆ Political will, resistance to changes: no consensus on strategic issues, no gas legislation
- ◆ SCADA/EMS project – delay in implementation
- ◆ Development of internal market rules – delay
- ◆ Investment climate

# Government Approach to Barriers



- ◆ We recognized all the barriers
- ◆ Government is coming up with solutions to overcome the barriers as the political will is increasing as BiH moves through EC Feasibility Study driven steps:
  - Regulatory Commissions are operational: they have their budget, internal rules adopted, tariff methodology adopted, expected tariff system in place by January 1, 2006.
  - Unification efforts with support of EC and USAID are becoming more effective
  - TRANSCO and ISO Management board are in place, ISO will be operational by the end of July 2005, and TRANSCO by the end of 2005.
- ◆ Still need strong EC and international community support to drive the process