Workshop 4: Case studies on EE financing and promotion of advanced EE technologies

Panel Discussion 1: Case studies on energy efficiency financing (countries of South-Eastern Europe)

BOSNIA AND HERZEGOVINA

Ministry of Foreign Trade and Economic Relations of BiH

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General information about BiH

- Official name: Bosna i Hercegovina (BiH)
- Geographic location: Western part of Balkan peninsula
- Administrative division: FBiH and RS and Brčko District
- Flag and coat of arms:
- Surrounding countries: Serbia (N-E), Montenegro (S-E), Croatia (N, W and S)
- Area: 51,209.2 km²
  - Land is 51,197 km²
  - Sea is 12.2 km²
- Capital: Sarajevo
- Population: 3.84 mil *
- Official currency: Konvertibilna marka, 1KM = 0.51EUR

* Estimated in 2010, BHAS
Basic energy indicators of BiH*

- Energy Production 4.47 Mtoe
- Net Imports 1.59 Mtoe
- TPES 5.95 Mtoe
- Electricity production 15.67 TWh
- Electricity Consumption 10.80 TWh
- CO2 Emissions 19.09 Mt of CO2
- TPES/GDP 0.73 toe/000 2000 USD - 2.5 times more from world average
- TPES/GDP(PPP) 0.18 toe/thousand 2000 USD
- Electricity Consumption/Population 5.07 kWh/capita - 3 times lower than in OECD countries

* IEA data, 2009
Existing energy legislation and policies

- Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina
- Law Establishing an ISO for the Transmission System of BiH
- Law Establishing the Company for the Transmission of Electric Power in Bosnia and Herzegovina
- RS and FBiH Law on Electricity
- FBiH and RS Law on Concessions
- RS Energy Law
- RS Gas Law, FBiH Gas law is under preparation
- RS Law on Oil and petroleum products, in FBiH draft is prepared
- FBiH Strategic plan and program of Energy sector development – adopted in 2009
Existing legislation in the field of foreign investment are helpful for promotion of EE investments. This legislation is based on the State “Law on Policy of Foreign Direct Investment in BiH”.

According to this Law and related Entity Laws, foreign investors are entitled to invest capital and to reinvest profits of such investments into any sectors of the BiH economy, without any limitation and under the same conditions and will have the same rights, obligations and benefits as defined for investors - residents of BiH.
EE legislation and policies

Recent reforms

- In December 2011 draft energy efficiency laws for both entities have been prepared.
- In May 2012 FBIH Law on energy efficiency has been submitted to the FBiH Government and process of public consultation are expected to start.
- In the RS finalization of Law on energy efficiency is expected to be finalizes by the responsible ministries after which procedure of its adoption should start.
- In June 2012 development of the sub laws started.
- All these laws and sub laws are developed in accordance with the EU requirements.
EE legislation and policies

- At present EE development in BiH is to a great extent based on the fulfillment of obligations defined in international treaties and projects (ECT, EnC, UNECE...)

- In accordance with the obligations from the EnC draft of National Energy Efficiency Action Plan NEEAP for BiH has been developed in accordance with EU Directive 2006/32/EC

- Main goal of this Directive is to all EnC member states adopt indicative goals for decrees in energy consumption for 9% by introducing EE measures, in period 2011-2018, based on base year 2010, and to promote EE in final consumption

- Due to the Convent of Majors in 13 municipalities in BiH Sustainable Energy Action Plan has been prepared
- BiH is in the process of adopting all necessary legislation in the field of EE

- Both primary and secondary legislation is in accordance with the EU requirements and in accordance with the EU Directives

- As such, once adopted it will be very helpful for promotion of energy efficiency investments

- Although EE has not yet taken its place in the energy policy of BiH, EE is already recognized as one of the important segment of energy sector that can have significant influence in future BiH economy development
Institutional framework in BiH

- Ministry of Foreign Trade and Economic Relations of BiH (MoFTER)
- State Electricity Regulatory Commission (SERC)
- Independent System Operator (ISO)
- Transmission System Company (TRANSCO)

Republic of Srpska (RS)

- Ministry of Industry, Energy and Mining of the RS
- Federal Ministry of Energy, Mining and Industry
- Regulatory Commission for Electricity in FBiH (FERK)
- Regulatory Commission for Energy of the RS (RERS)
- Three Power utility companies, gas companies

FBIH is administratively divided into 10 cantons.
Rs is administratively divided into municipalities.
In FBiH cantons are divided into municipalities – total 79.
In RS there are 62 municipalities.
Both state and entity governmental institutions and ministries are involved in the implementation of a significant number of EE projects that are financed with the assistance of international financial institutions. The main objectives of these projects are:

- Providing assistance in building the capacity of institutions at the state and entity levels in the EE
- Preparation for the transposition and implementation of EU directives related to EE
- Assists in drafting primary and secondary legislation in the field of EE
- Implementation of demonstration and pilot EE projects
- Promoting investment environment in order to develop self-sustaining EE projects
EE development - State and entity authorities

- Implementation of project is the best way to share knowledge and raise awareness in the field of EE and sustainable energy and to further promote investment environment for financing of these projects in BiH.

- Implementation of these project will have significant positive impact on EE market development.

- At entity level preparation and adoption of all necessary legislation is underway – once finished it will define ways and funds for implementation of EE measures.

- For EE data on final consumption are very important so BHAS, along with the entity statistics, works intensive on energy statistics, that will be harmonized with EUROSTAT / IEA methodology. BiH will have very high quality complete energy balance and will be able to measure energy saving achieved by introducing EE.
EE development – local authorities

- Recently more attention has been paid to EE local level too
- So far 14 municipalities signed Convent of Majors
- Covenant of Mayors is the European movement that involves local authorities, voluntarily committing to increasing energy efficiency and use of renewable energy sources on their territories
- Covenant signatories need to develop Sustainable Energy Action Plan (SEAP) and to meet and exceed the European Union 20% CO2 reduction objective by 2020
- So far 13 BiH cities prepared and submitted SEAP. For one city – Banja Luka SEAP is accepted.
Incentive mechanisms for promotion of financing of energy efficiency projects are still not in place in BiH.

However, they are part of National Energy Efficiency Action Plan (NEEAP) and they are foreseen in primary and secondary EE legislation.

Some of these mechanisms are:
- Tax incentives
- Soft loans
- EE funds
- Subsidies

Soon they will be introduced, and it is expected to fully promote financing of EE projects.
Proposals for next steps

- Energy efficiency is determined as a priority of future development of the BiH economy, and although at beginning when it comes to the EE, in BiH exist a huge potential for the development of EE.

- BIH should as soon as possible adopt all necessary legislation in the field of EE.

- Introduce incentive mechanisms for promotion of financing of energy efficiency projects.

- Further use all available projects currently active in BiH is to gain knowledge and best technologies, to raise awareness in the field of EE, and to further promote investment environment for financing of EE projects at all levels of government - from local to state.

- As a next step it is expected to have large scale EE investments in BiH.
THANK YOU FOR YOUR ATTENTION!

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