

ELECTRICITY ACTION PLAN

BOSNIA AND HERZEGOVINA

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1 ROADMAP STRUCTURE

The proposed structure, as described below is also presented for easier reference in the diagram (see page 3).

Chapter 1 - Acquis communautaire

This chapter aims to ensure that the provisions of the Directive 2003/54/EC are transposed. The information required in this chapter is a reference to the national legislation indicating both the legal disposition and the relevant articles, in case that the Directive's provisions were adopted accordingly.

The overall deadline for the transposition of the electricity acquis is the 1st July 2007, except for the eligibility calendar which is January 2008 for non-household consumers and January 2015 for household consumers

Chapter 2 – Market Structure

The chapter addresses market concentration and to propose, if deemed necessary, measures.

It also pursues effective unbundling of system operators.

Chapter 3 – Wholesale market

This chapter addresses the wholesale market design and rules, in order to achieve competitive market. Competition in the wholesale market shall be ensured by transparency provisions and the regarding market monitoring. The necessary balancing regime is being covered as well, under the market rules subchapter, as the required licensing and authorization process.

Chapter 4 – Retail market

This chapter aims to ensure that the retail market opening measures in terms of eligibility thresholds and time schedules are being implemented.

The customer switching process and the payment reform is being addressed, as well as customer protection.

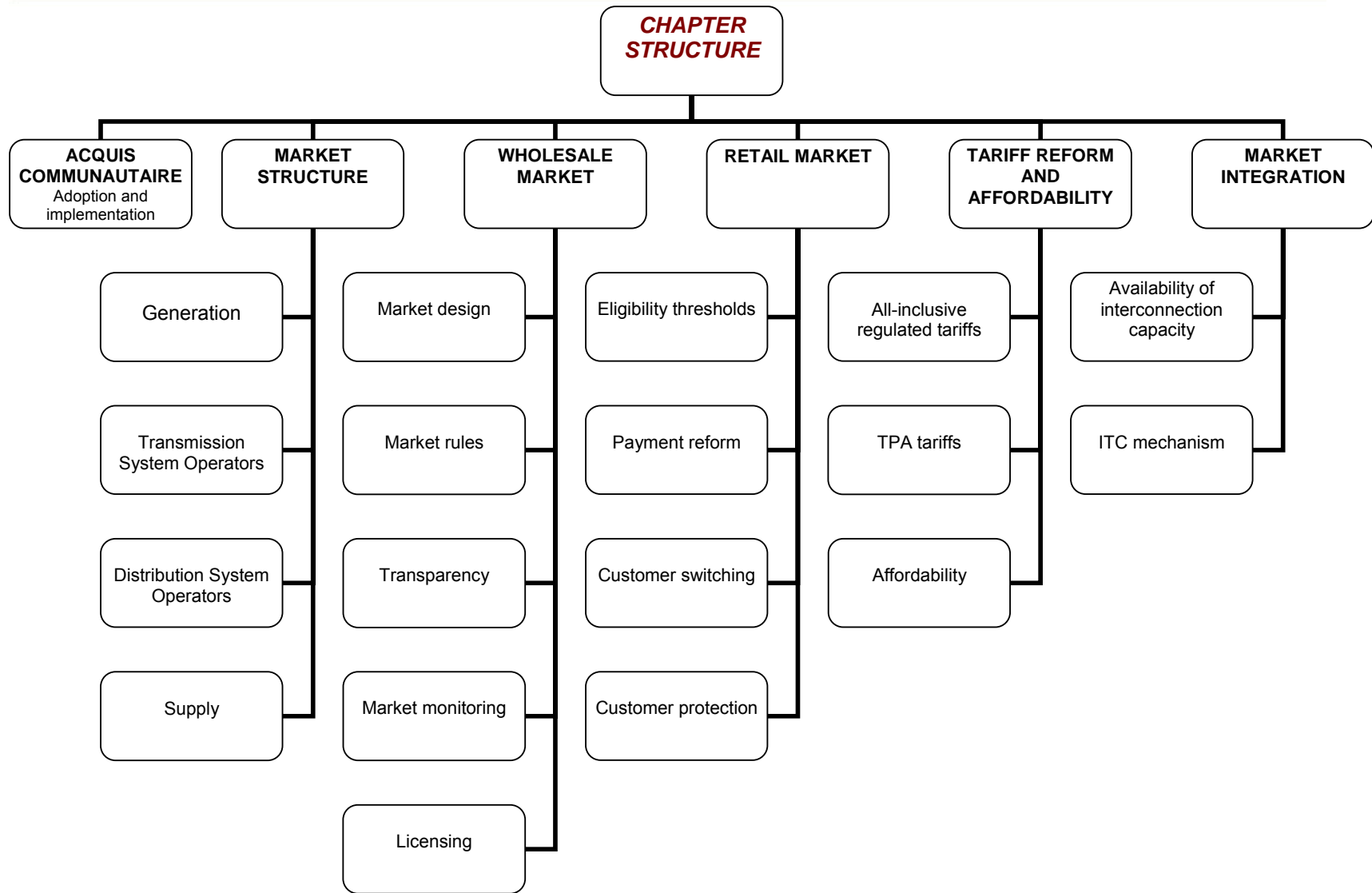
Chapter 5 – Tariff reform and Affordability

The chapter covers the issue of cost reflectiveness in all inclusive tariffs and network usage tariffs (transmission and distribution networks). Affordability issues are also being covered.

Chapter 6 – Market integration

This chapter includes a description of issues related in particular to cross border trade and cross border transport. The key issues to be solved at regional level include the methodology for capacity allocation and congestion management, the Inter TSO Compensation mechanism, and the licensing provisions that are mutually recognised.

This chapter's actions should be regarded as of regional level and should be agreed upon by regional bodies.



2 ACTION PLAN

Chapter 1 - Adoption of the acquis communautaire – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.1	General rules:	Develop and implement General Rules for the impositions on undertakings, customer protection, public service obligations, security of supply and technical rules	July 2007	1.1 Imposition on undertakings Electricity law F BiH ("Official Gazette of BiH", N°. 41/02, 24/05 and 38/05). Action plan of the Federation of Bosnia and Herzegovina for restructuring and privatization of the electricity sector in BiH ("Official Gazette of F BiH", 31/05); Imposition to the undertakings to conduct steps from the Action Plan. Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); Article 1 (Application of the international generally-accepted standards), Article 12 (Establishment of Regulator), Article 23 (Competence of Regulator), 1.2 Customer protection Book of rule for obtaining eligible customer status ("Official Gazette of F BiH", 53/06); It allows the customer to freely choose its supplier according to the market opening dynamics. Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); Article 24 and 28 and 44 of the Law (Protection of Customers), a) universal service: Law on protection of customers (Official Gazette of BiH 25/06), Book of rule for obtaining eligible customer status (Official Gazette of RS 88/06), General Conditions for delivery	Adopted	FBiH Gov, RS Gov, Council of Ministers, FERC REERS JP EP HZ HB JP EP BiH
to						
1.5	1.1 Imposition on undertakings					
	1.2 Customer protection					
	1.3 Public Service Obligations					
	1.4 Security of Supply					
	1.5 Technical Rules					

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				<p>and supply of electricity (Official Gazette of RS 66/06), Terms and conditions of the issued licenses for distribution),</p> <p>b) protection of vulnerable customers: special mechanisms for protection of vulnerable customers of electricity were not prescribed while General Conditions prescribed special cases of prohibition of the customers' disconnection</p> <p>c) protection of customers in remote areas: unique tariff for the access to the network pursuant to the Rule on tariff methodology and tariff proceeding (Official Gazette of RS 61/05)</p> <p>d) Minimum pieces of information in the bill: General Conditions.</p> <p>1.3 Public Service Obligation</p> <p>Electricity law F BiH ("Official Gazette of BiH", N° 41/02, 24/05 and 38/05); Article 52; The FERC will define the General Conditions for Electricity Supply (it has made a draft, conducted public consultations and expects its adoption very soon).</p> <p>Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); Article 51 of the Law (Public service obligation)</p> <p>1.4 Security of Supply</p> <p>According to the ISO Law, the ISO is responsible for preparation of: the Indicative Generation Plan (including expected future demand); and the Demand yearly balance. The Indicative Generation Development Plan shall be made for the next 10 years; it is currently in preparation and envisaged to be</p>	<p>By the end of 2006</p> <p>Adopted</p> <p>By the end of 2006</p>	<p>FERC</p> <p>REERS</p> <p>ISO</p>

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				<p>N°. 41/02, 24/05 and 38/05); Article 43; It defines that the FERC will bring the Distribution Code proposed by the DisCos. JP EP HZ HB submitted the Distribution Code to the FERC for approval on 14 July 2006. JP EP BiH submitted the Distribution Code to the FERC for approval on 4 July 2006. The FERC has started the public consultation process in September 2006, expected to finish by 15 December 2006.</p> <p>Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); Article 30, 47 and 82 of the Law (Technical Rules).</p>	<p>Dec 2006</p> <p>Adopted</p>	<p>JP EP HZ HB JP EP BiH</p> <p>REERS</p>
1.6 to 1.7	<p>Generation:</p> <p>1.6. Authorization</p> <p>1.7. Tendering rules</p>	Develop and implement the provisions regarding Generation: authorization criteria and tendering rules	July 2007	<p>1.6 Authorisation and 1.7 Tendering rules</p> <p>Discussion paper has been prepared and it is currently under internal discussion. This issue needs wider circulation and coordination with the entities.</p> <p>Electricity law F BiH, Article 62; It allows each electricity undertakings to construct a generation power plant aimed to supply eligible customers. It is the electricity undertaking's duty to obtain pre-license for construction and usage from the FERC. Electricity law F BiH, Article 63; It defines a need to conduct a tender and obtain a pre-licence for construction of generation power plant aimed to supply tariff customers from the FERC. Currently, a protocol (idea level, planned for July 2007) between the FMERl and the FERC is under development which will define roles of each of parties in realisation of these tendering procedures. The FERC has adopted a Regulation on hearing procedures and resolution of requests and complaints (Official Gazette of F BiH 37/05), which explains a procedure for</p>	<p>July 2007</p>	<p>MOFTER</p> <p>FERC Federal Ministry of energy, mining industry (FMERl)</p>

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				<p>Herzegovina (TRANSCO law), "Official Gazette of BiH", N° 35/04 of July 29, 2004</p> <p>Electricity law F BiH ("Official Gazette of BiH", N° . 41/02, 24/05 i 38/05); Article 36 specifies that the electricity undertakings for distribution organise the distribution system operators which are aimed to operate distribution systems on the basis of their needs having in mind technical and technological functionalities in their areas. According to the Regulation for licensing, the FERC has issued a license for distribution of electrical energy to the existing electricity undertakings conditioned by the obligation to organise the distribution system operators.</p> <p>Electricity Law F BiH ("Official Gazette of F BiH". 41/02, 24/05 and 38/05).</p> <p>Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); For establishment of the Distribution System Operator.</p> <p>Action Plans:</p> <p>Action plan of the Federation of Bosnia and Herzegovina for restructuring and privatization of the electricity sector in BiH ("Official Gazette of F BiH"; 31/05).</p> <p>1.9 Tasks</p> <p>The ISO has tasks which are described in Article 7 of the ISO Law and tasks described in the Act on Transmission of Electric Power, Regulator and System Operator of BiH.</p> <p>Powers of the ISO (Law on Transmission 5.2):</p> <p>a. maintain system reliability, b. manage electricity flows,</p>	<p>Adopted</p> <p>Adopted</p> <p>Adopted</p> <p>Adopted</p> <p>Assigned</p>	<p>FBiH Gov</p> <p>FBiH Gov</p> <p>RS Gov</p> <p>FBiH Gov, EPs</p> <p>Govs ISO</p>

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				<p>c. provide ancillary services, d. manage transmission constraints, e. provide transmission system information, f. coordinate neighbouring control areas, g. coordinate load management.</p> <p>In addition the ISO shall undertake the following functions (the ISO Law, Article 7):</p> <ul style="list-style-type: none"> ▪ Direct the operation of all high voltage transmission facilities in BiH that are rated at 110 kV or above, except that the ISO may delegate authority to appropriate entities engaged in activities related to transmission to direct the operation of specified high voltage transmission facilities that are not required to allow electric energy from significant power sources to move freely on the interconnected transmission system; ▪ Issue dispatch instructions to generators and importers; ▪ Operate central control centre facilities and any remote control facilities; ▪ Administer the balancing market; ▪ Procure ancillary services and provide system services; ▪ Prepare, modify and administer reliability standards, the Market Rules and the Grid Code; ▪ Ensure non-discriminatory behaviour between system users or classes of system users; ▪ Develop and distribute billing invoices as provided in the Statute for the ISO's cost based system operation tariff and for transactions in the balancing market; ▪ Coordinate and approve the scheduling of planned outages of transmission and generation facilities, and coordinate and approve changes to outage schedules; ▪ Review, endorse, direct revisions to and publish the long-term transmission development plan submitted by the 		

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				<p>Transmission Company;</p> <ul style="list-style-type: none"> ▪ Develop an indicative generation development plan with data supplied by the generators, distribution companies and end-use customers directly connected to the transmission system. <p>Powers of the TransCo are given by the Law on Transmission, Article 6. The activity of TRANSCO shall include transmission, maintenance, construction, expansion and management of the transmission network of BiH. Upon the establishment of the TransCo, no other electric company or other company shall have jurisdiction or authority in such matters. Operation and dispatch of the network used for transmission of electricity; directing, scheduling and coordinating maintenance; and coordination with the company for the transmission of electric energy of the construction and expansion of the grid shall lie with the ISO as specified. The ISO shall coordinate with the TransCo on such matters.</p> <p>Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); For establishment of the Distribution System Operator.</p> <p>1.10 Unbundling</p> <p>According to the ISO Law, Article 2, the ISO is prohibited in engaging for any activities which are not authorised by the ISO law</p> <p>The Independent System Operator for the Transmission System of Bosnia and Herzegovina has been established as a legally separated body.</p> <p>The Company for the Transmission of Electric</p>	Assigned	Govs TransCo
					Adopted	RS Gov
					Done July 2005	ISO, SERC
					Done	TransCo,

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				Power in Bosnia and Herzegovina has been established as a legally separated company.	Feb 2006	SERC
				In RS, the license terms and conditions, DSO functional and accounting unbundled.	Done	REERS
				1.11 Dispatching and balancing		
				Article 5.2 of the Law on Transmission defines that the ISO shall manage system electricity flows, maintain a balancing market and otherwise ensure the reliable and non-interrupted flow of electricity within the system. According to the ISO law, Article 7, the ISO has a power to issue dispatch instructions to generators and importers. Article 7 of the ISO law defines that the ISO shall administer the balancing market. The Market Rules define the way in which the ISO fulfils its obligations, in terms of the management of mechanism for balancing. The Temporary Market Rules were approved on June 8, 2006 by the decision of the SERC. Full implementation of the Market Rules is related to a precondition of remote reading of electricity meters – task for the TransCo. This issue needs to be tackled if the balancing market is to be made fully functioning. The ISO has issued Temporarily Rules for Use of Interconnectors' Capacity, and expects their finalisation by the end of 2006.	Laws adopted	ISO, SERC
					Approved	SERC
						TransCo
					Dec 2006	ISO
				1.12 Confidentiality		
				The ISO has developed rules for confidentiality of commercial and other sensitive information. The SERC will develop a full rulebook by the end of 2006, and then	Partly done	ISO
					Dec 2006	SERC

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				<p>the ISO will follow with its own ones on that ground basis. Current provisions regarding confidentiality of commercially sensitive information are published on the web site of the ISO as being embedded in the Grid Code for Transmission System BiH (approved on June 8, 2006 by the decision of the SERC). To be developed further.</p> <p>In F BiH:</p> <ul style="list-style-type: none"> ▪ Licensing Rules ("Official Gazette of F BiH", 29/05); ▪ Rules on tariff methodology and tariff proceedings ("Official Gazette of F BiH", 45/05); ▪ Draft Rule on Protection of Confidential Information; and ▪ Draft Distribution Grid Code. <p>In RS, Article 32 of the Law and License terms and conditions.</p> <p>1.13 Combined operator</p> <p>Not applicable</p>	<p>1st QR 2007</p> <p>Adopted</p> <p>Adopted</p> <p>Dec 2006</p> <p>Dec 2006</p> <p>Adopted</p>	<p>FERC</p> <p>FERC</p> <p>FERC</p> <p>FERC, EPs</p> <p>REERS</p>
1.14 to 1.15	<p>Unbundling and transparency of accounts:</p> <p>1.14 Rights of access to accounts</p> <p>1.15 Unbundling of accounts</p>	<p>Develop and implement the provisions regarding Unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts</p>	July 2007	<p>1.14 Rights of access to accounts and 1.15 Unbundling of accounts</p> <p>The ISO is a subject to the regulation of the SERC. The SERC is entitled to inspect the books and records of the ISO.</p> <p>According to the ISO Law and the TransCo Law, the SERC has a right of access to the accounts of the ISO and the TransCo. Legally unbundled.</p>	<p>Laws adopted</p>	<p>SERC, ISO</p> <p>SERC ISO, TransCo</p>

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				<p>The SERC has not consumed its right so far (according to the Laws, it is not obliged to do so, but has a right of access). The ISO is obliged to publish an annual report on its affairs during the fiscal year in the Official gazette of BiH. Annual report has been published for a part of the year 2005.</p> <p>Article 7 of the Electricity law F BiH ("Official Gazette of F BiH"; 41/02,24/05 and 38/05) defines the obligations of the electricity undertaking towards separate accounting and financial reporting.</p> <p>The Action plan of the F BiH for restructuring and privatization of the electricity sector in BiH ("Official Gazette of F BiH"; 31/05) within the phase 1 also requires unbundling of accounts. Adopted documents of the FERC such as the Licensing Rules ("Official Gazette of F BiH"; 29/05) and the Book of rule for tariff methodology and tariff proceedings ("Official Gazette of F BiH"; 45/05; Articles 7 and 67), also require unbundling of accounts. The FERC makes audits on a continuous basis.</p> <p>Articles 23, 32 and 113 of the Law on electricity (Official Gazette of RS 6/02, 29/03, 86/03, 117/04) and the Terms and conditions of the issued temporary licenses define the Right of Supervision. Audit has been made so far and the report has been published. Terms and conditions of the issued licenses and Rule on tariff methodology and tariff proceeding define obligation for the unbundling of accounts and audit of the unbundled accounts segments.</p>	<p>Law adopted</p> <p>End 2007</p> <p>Rules adopted Rule adopted</p> <p>Law adopted</p> <p>31.12.07 01.01.06</p>	<p>SERC, ISO</p> <p>F BiH Gov, Council of Ministers, FERC Power companies</p> <p>REERS</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.16	Organisation of access to the system:	Develop and implement the provisions regarding Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities	July 2007	<p>1.16 Third Party Access</p> <p>According to the ISO and the TransCo Laws, the TPA is regulated (they contain provisions on the TPS).</p> <p>The Third Party Access Rules, as a separate document, is in the process of the preparation.</p> <p>In F BiH, Article 35 of the Electricity Law F BiH ("Official Gazette of F BiH"; 41/02, 24/05 and 38/05) defines rTPA.</p> <p>In RS, the TPA for distribution system is defined by Article 45 of the Law on Electricity of RS ("Official Gazette of RS", No. 66/02 of October 23, 2002), the General Conditions for delivery and supply of electricity, and the Rule on tariff methodology and tariff proceeding.</p> <p>1.17 Market opening</p> <p>Generally, in three steps:</p> <ol style="list-style-type: none"> 1. Customers with consumption >10 GWh 2. Non households 3. Households <p>Article 3 of the Book of rules for obtaining eligible customer status ("Official Gazette of F BiH"; 53/06) defines the market opening dynamics in compliance with the EnC Treaty:</p> <ol style="list-style-type: none"> a) 1 January 2007 – all customers >10GWh which are connected to transmission network; b) 1 January 2008 – all non-households customers; and c) 1 January 2015 – all customers. <p>Decision on establishing a simplified</p>		ISO, TransCo SERC
1.19	1.16 Third Party Access				End of 2006	SERC
	1.17 Market opening and reciprocity					FERC
	1.18 Direct Lines					REERS
	1.19 Regulatory Authorities					
				Aligned: 1.1.2007. 1.1.2008. 1.1.2015.	F BiH Gov Council of Ministers, FERC SERC	
				Adopted		
				Adopted		

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1.20	Final Provisions:	Develop and implement the Final Provisions: safeguard measures, monitoring imports, derogations (if applicable)	July 2007	<p>General comments:</p> <ul style="list-style-type: none"> ▪ ISO is responsible for implementation, ▪ SERC monitors, ▪ Derogations, if required by MOFTER <p>1.20 Safeguard measures</p> <p>ISO approves Code of security zones prepared by Transco (by the end of 2006 it will appear in a draft form, and afterwards enter in the final procedure).</p> <p>According to the Grid Code for Transmission System of BiH, the ISO is responsible for preservation of the system's security in unexpected (pre emergency and emergency) operating modes. Taking into account technical features of transmission system and User, the ISO will define detailed measures and procedures for guarding the system from major disruptions that may lead to disintegration of the system accompanied by partial or total breakdown, as well as the procedures for restoration of the system after major disruptions.</p> <p>Article 92 of the Electricity law RS (Official Gazette of RS 6/02, 29/03, 86/03, 117/04); and General Conditions.</p> <p>1.21 Monitoring imports</p> <p>ISO prepares monthly report for electricity flows on transmission network (it is a standard and regular praxis on periodical basis). Monthly report which contains data on imports,</p>		ISO SERC MOFTER	
1.22	1.20. Safeguard measures					End 2006, then final	TransCo, ISO
	1.21. Monitoring imports					GC approved on June 8, 2006 by decision of the SERC	ISO, SERC
	1.22. Derogations			REERS			
				Periodic	ISO, SERC		

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				<p>prepared by ISO, is submitted to SERC.</p> <p>1.22 Derogations</p> <ul style="list-style-type: none"> ▪ Electricity Law F BiH (“Official Gazette of F BiH”; 41/02,24/05 and 38/05), ▪ Rule on tariff methodology and tariff proceedings (“Official Gazette of F BiH”; 45/05), ▪ Licensing Conditions, ▪ Rule on obtaining eligible customer status (“Official Gazette of F BiH”; 53/06), ▪ Relevant legal provisions regulating issues of imports and exports. 	<p>Adopted</p> <p>Adopted</p> <p>Adopted</p>	<p>F BiH Gov, Responsible Ministries,</p> <p>FERC, ISO</p>
1.24 to 1.29	<p>Regulation 1228/2003:</p> <p>1.24 Inter TSO Compensation mechanism</p> <p>1.25 Charges for access to the networks</p> <p>1.26 Transparency</p> <p>1.27 Congestion Management</p>	<p>Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties</p>	July 2007	<p>General comments:</p> <ul style="list-style-type: none"> ▪ ISO is responsible for implementation, ▪ Monitoring by SERC <p>Regardless provisions of the Regulation 1228/2003 are not strictly transposed into the local legislation, in everyday practice provisions are completely followed by responsible bodies governed by existing legislation and regulation.</p> <p>1.24 Inter TSO Compensation mechanism</p> <p>ISO participate in SETSO ITC last three years. SERC provides consent annually.</p>	<p>Annually</p>	<p>ISO SERC</p> <p>MOFTER</p> <p>ISO, SERC</p>

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	1.28 New Interconnectors 1.29 Penalties			<p>1.25 Charges for access to the networks Not in the ISO's domain.</p> <p>1.26 Transparency ISO publishes overall information regarding Article 5 at its web page.</p> <p>1.27 Congestion management ISO participates in SETSO CA dry run and will implement the CM guidelines.</p> <p>1.28 New interconnectors For the moment there is no revenue resulting from the allocation of interconnectors.</p> <p>1.29 Penalties Not in the ISO's domain.</p>		ISO ISO, SERC

Chapter 2 – Market Structure – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
2.1	Generation/Supply	Assess market concentration in each Party's electricity industry through the commonly used indicators	Not applicable (except for unbundling)	<p>General comments:</p> <ul style="list-style-type: none"> Data available for assessing market concentration; Sector still in transition. <p>Electricity Law F BiH ("Official Gazette of F BiH"; 41/02, 24/05 and 38/05).</p>		<p>ISO SERC FERC REERS</p> <p>F BiH Gov Responsible Ministries</p>
2.2	Generation/Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable	<p>No measures have been applied so far. Policy issues are under MOFTER.</p> <p>Electricity law F BiH ("Official Gazette of F BiH"; 41/02, 24/05 and 38/05).</p>		<p>MOFTER</p> <p>F BiH Gov, Responsible Ministries</p>
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec 2007	<p>General comments:</p> <ul style="list-style-type: none"> Transmission is already unbundled with formation of TransCo; Grid Code in place. <p>ISO implements the Grid Code and other technical rules and business processes in accordance to the ISO Law and TransCo Law. ISO has implemented all tasks except TPA conditions. ISO is obliged to make a draft of the document, and it is up to SERC to adopt it ('General Conditions for Connection to the Network' is expected to appear by the end of 2006). Existing laws (the Law on Transmission</p>	In progress (by the end of 2006)	<p>ISO Transco SERC</p>

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				<p>and the ISO Law) contain rTPA provisions.</p> <p>Third Party Access Rules, as separate document, is in the process of the preparation by SERC.</p> <p>Effective operational implementation of the Grid Code and business processes (scheduling, planning, settlement of disputes, etc) is in progress.</p>	<p>End of 2006</p> <p>In progress</p>	<p>SERC</p> <p>ISO</p>
2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec 2007	<p>General comments:</p> <ul style="list-style-type: none"> ▪ Action Plans in place for unbundling of distribution, ▪ Implementation needs to go ahead. <p>In F BiH,</p> <ul style="list-style-type: none"> ▪ Electricity law F BiH ("Official Gazette of F BiH"; 41/02, 24/05 and 38/05), ▪ Draft Grid Code for Distribution. <p>In RS,</p> <p>Effective unbundling: Terms and conditions of the issued initial license, Rule on tariff methodology; Initial licenses are valid until Dec 2007 – functional and account unbundling is a prerequisite for their extension;</p> <p>Technical rules for operation of the distribution networks: General Conditions adopted and the deadline determined for making Distribution Grid Rules; Its approval is expected in Jan 2007;</p> <p>Third Party Access: General Conditions and Rule on tariff methodology and tariff</p>	<p>By the end of 2007</p> <p>Dec 2006</p> <p>Dec 2007</p> <p>22.01.07</p> <p>Done</p>	<p>MOFTER Entity Govs</p> <p>F BiH Gov Responsible Ministries Regulated power companies</p> <p>REERS</p>

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				<p>proceeding and regulated tariffs for distribution system users;</p> <p>Consolidation of distribution companies: the initial license terms and conditions as the precondition for issuance of the license for a longer period.</p>		

Chapter 3 – Wholesale market – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.1	Market design	Adoption of market design and accompanying measures to ensure liquid competitive wholesale market	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> ▪ Market design in place for transition phase; ▪ Phased market opening; ▪ Electricity market is based on bilateral contracts and balancing market with regulated imbalance prices; <p>According to the Action Plan of the F BiH for restructuring and privatization of the electricity sector and the Action Plan of RS for restructuring and privatization of the electricity sector, the wholesale market is based on the bilateral trading.</p> <p>According to the Law on Transmission (Article 8), electricity market in BiH shall be a single market, based on free and equal access to the transmission network and upon the principles of regulated access and applicable Directives of the European Union.</p> <p>Plan to make electricity market a single market in BiH does not exist yet.</p> <p>However, eligible customers can enter into direct contracting with licensed suppliers, which only implicitly gives an impression of a single market.</p> <p>SERC is not authorised to conduct market surveillance tasks.</p> <p>Market design needs to be developed further.</p>	<p>By the end of 2007</p> <p>Adopted</p> <p>Yet to elaborate</p>	<p>ISO</p> <p>EPs</p> <p>SERC</p>

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> ▪ Market Rules in place for transition phase; ▪ Phased market opening. <p>SERC has adopted Market Rules prepared by ISO. Implementation of the Market Rules is in progress.</p> <p>Most of issues under this item from the check list are covered by the Market Rules – most of it is not for sure that all are covered.</p> <p>Rules for the competitive market have not been drafted yet, and a leader for this task remains to be identified.</p>	Approved in June 2006	ISO, SERC
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> ▪ Phased implementation. <p>Market transparency related tasks will be implemented during 2007. According to the Law on Transmission, ISO is obliged to publish data regularly (system load, transmission and access interconnections, generation, balancing). Information from the wholesale market also needs to be published.</p> <p>Project aimed to create a web-portal of ISO is to be finished in December 2006. Afterwards, in 2007, ISO will add successively information to its web-portal. Implementation of the SCADA project and its on-line connection to the web-portal will be also realised having in mind publication of information in real time.</p>	By the end of 2007	ISO

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> ▪ Monitoring by ISO <p>Market monitoring is one of the tasks of ISO, which is planned for realisation in 2007.</p> <p>Each of the three regulators monitor license holders.</p> <p>In RS, Article 23 of the Law brings out general definition, but not monitoring itself.</p>	By the end of 2007	ISO REERS
3.5	Licensing and Authorization	Elaborate/implement a license/authorization system, compatible on a regional level	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> ▪ National licensing is in place; ▪ Coordination required for regional licensing requirements. <p>System was created but not harmonized at the regional level.</p>		MOFTER SERC Secretariat, ECRB

Chapter 4 – Retail market – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
4.1	Eligibility thresholds	Elaborate and implement market opening measures in terms of eligibility thresholds	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> Eligibility thresholds established by regulators (see 1.17 Market opening) <p>F BiH:</p> <p>Rule on obtaining eligible customer status ("Official Gazette of F BiH"; 53/06), Articles 3, 4, 5.</p> <p>RS:</p> <p>Article 49 of the Law on electricity (Official Gazette of RS 6/02, 29/03, 86/03, 117/04) and Rule on getting a status of the eligible customer.</p>	<p>Adopted</p> <p>From 01.01.07 pursuant to Annex and Contract</p>	<p>FERC, REERS</p> <p>FERC</p> <p>REERS</p>
4.2	Payment reform	Adopt measures towards payment reform	Dec. 2007	<p>General comment:</p> <ul style="list-style-type: none"> Payment reform does not appear to be a major issue in BiH. <p>F BiH:</p> <p>Rule on tariff methodology and tariff proceedings ("Official Gazette of F BiH"; 45/05).</p> <p>Terms and conditions to issuance of the initial</p>	<p>Adopted</p>	<p>EPs</p> <p>FERC</p> <p>REERS,</p>

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				RS: <ul style="list-style-type: none"> ▪ Guarantee of connecting - General Conditions ▪ Terms before connecting - General Conditions ▪ Disconnecting - Articles 87-89 of the Law and General Conditions ▪ Quality and continuity of the supply standard - General Conditions, prescribed forms for supervision of parameters in order to create standards ▪ Settlement of disputes - Article 26 of the Law and terms of the issued initial licenses ▪ Transparency of the retail prices - Articles 20-22 of the Rule on obtaining eligible customer status 	Done Done Done Ongoing From 01.01.07	REERS

Chapter 5 – Tariff reform and Affordability – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
5.1	All-inclusive regulated retail tariffs	Development of retail cost reflective (all-inclusive) tariffs	Dec 2007	<p>General comment:</p> <ul style="list-style-type: none"> Tariff methodologies are in place at the level of entity regulators <p>F BiH:</p> <ul style="list-style-type: none"> Rule on tariff methodology and tariff proceedings (“Official Gazette of F BiH”; 45/05). Decision on tariffs for sales of electricity to tariff of JP“EP BiH” d.d. Sarajevo(“Official Gazette of F BiH”; 15/06) Decision on tariffs for sales of electricity to tariff of JP“EP HZ HB” d.d. Mostar (“Official Gazette of F BiH”; 15/06) <p>RS:</p> <ul style="list-style-type: none"> Rule on tariff methodology and tariff proceeding, Decision on approval of tariff rates for non-eligible customers Tariff system for selling electricity in RS 	In place	FERC RSERC
					Adopted on July 8 th , 2005	FERC
					Adopted	REERS
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec 2007	Tariff Pricing Methodology for Services of Electricity Transmission, Operation of Independent System Operator and Ancillary Services (“Official Gazette of BiH”; No. 46/05, July 12, 2005).	July 2005	SERC

				<p>Cost reflective tariffs for TransCo and ISO are issued by SERC.</p> <p>Ancillary services tariffs, based on generation prices issued by FERC and REERS, are determined by Market Rules.</p> <p>F BiH:</p> <ul style="list-style-type: none"> ▪ Rule on tariff methodology and tariff proceedings (“Official Gazette of F BiH”; 45/05) ▪ Decision on tariffs for sales of electricity to tariff customers of JP “EP BiH” d.d. Sarajevo (“Official Gazette of F BiH”; 15/06) ▪ Decision on tariffs for sales of electricity to tariff customers of JP “EP HZ HB” d.d. Mostar (“Official Gazette of F BiH”; 15/06) <p>RS:</p> <p>Transmission and ancillary services – Distribution:</p> <ul style="list-style-type: none"> ▪ Rule on tariff methodology and tariff proceeding (according to the costs) ▪ Decision on approval of tariff rates for the distribution system users ▪ Tariff system for selling electricity in RS 	<p>April 2006</p> <p>April 2007</p> <p>Adopted on July 8th, 2005</p> <p>Adopted</p>	<p>SERC</p> <p>SERC</p> <p>FERC</p> <p>SERC REERS</p>
5.3	Other regulated tariffs	Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition	Dec 2007	<p>F BiH:</p> <ul style="list-style-type: none"> ▪ Rule on tariff methodology and tariff proceedings (“Official Gazette of F BiH”; 45/05) ▪ Decision on tariffs for sales of electricity to tariff customers of JP “EP BiH” d.d. Sarajevo (“Official Gazette of F BiH”; 15/06) ▪ Decision on tariffs for sales of electricity to tariff customers of JP “EP HZ HB” d.d. 	<p>Adopted on July 8th, 2005</p>	<p>FERC</p>

				<p>Mostar ("Official Gazette of F BiH"; 15/06)</p> <p>RS:</p> <ul style="list-style-type: none"> ▪ Rule on tariff methodology and tariff proceeding ▪ Decision on approval of prices at the plant outlet - regulated wholesale price for tariff customers ▪ Rule on obtaining eligible customer status - regulated price of the supplying of last resort 	Adopted	REERS
5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec 2007	<p>General comments:</p> <ul style="list-style-type: none"> ▪ Some support is already in place at cantonal level ▪ Needs development of state wide policy <p>F BiH:</p> <ul style="list-style-type: none"> ▪ Rule on tariff methodology and tariff proceedings ("Official Gazette of F BiH"; 45/05) ▪ Decision on tariffs for sales of electricity to tariff customers of JP "EP BiH" d.d. Sarajevo ("Official Gazette of F BiH"; 15/06) ▪ Decision on tariffs for sales of electricity to tariff customers of JP "EP HZ HB" d.d. Mostar ("Official Gazette of F BiH"; 15/06) <p>RS:</p> <ul style="list-style-type: none"> ▪ Not within Regulator's competence 	Adopted on July 8 th , 2005	<p>MOFTER Entity Govs</p> <p>FERC</p>

Chapter 6 – Market Integration – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				
No	Subchapter	Action	Deadline	Responsible party
6.1	Interconnection capacity	Develop and adopt coordinated market based mechanisms at each border	Dec 2007	Relevant regulators and TSOs
6.2	Interconnection capacity	Development of a regional coordinated market based mechanism	Not decided	Fora
6.3	Inter TSO Compensation	Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee	December 2006	EC/ ETSO
6.4	Inter TSO Compensation	Development of a methodology to invoice or credit market participants in relation with the ITC	As soon as possible	CONTRACTING PARTIES
6.5	Market design/ Market rules	The European Commission shall state a preference on wholesale market opening	October 2006	European Commission
6.6	Market design/ Market rules	Guidelines for market opening indicating measures to start up competition	March 2007	European Commission/ ECRB
6.7	Market design/ Market rules	Guidelines for market rules development	March 2007	European Commission/ ECRB
6.8	Licensing	Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply	January 2008	ECRB

3 CHECKLIST/ GUIDELINES FOR EACH ACTION

CHECKLIST/GUIDELINES to Chapter 1 – Acquis communautaire

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
1.1	General rules/ Imposition on undertakings	<ul style="list-style-type: none"> ▪ If applicable, description of the possible impositions on electricity undertakings of Public Service Obligations: Description of the provision and reference to national legislation
1.2	General rules/ Customer protection	<ul style="list-style-type: none"> ▪ Include provisions on universal service for households and if deemed appropriate small enterprises: <ul style="list-style-type: none"> - Obligation on distribution companies to connect customers to the grid - If necessary provisions on the Supplier of Last Resort - Final customer protection including Transparency in contractual terms and conditions, general information and dispute settlement, etc (see Annex A Directive) ▪ Protection of vulnerable customers ▪ Protection customers in remote areas ▪ Minimum information in the bills
1.3	General rules/ Public Service Obligations	<ul style="list-style-type: none"> ▪ Report immediately after the implementation of the Public Service Obligations provisions ▪ Reporting every two years on any changes regarding the Public Service Obligations
1.4	General rules/ Security of Supply	<ul style="list-style-type: none"> ▪ Provisions monitoring of Security of Supply: supply/demand balance; expected future demand, planned new infrastructure, level of maintenance of the existing infrastructure, etc ▪ Identification responsible Institution for the monitoring ▪ Report each two years
1.5	General rules/ Technical rules	<ul style="list-style-type: none"> ▪ Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc. ▪ Publication and reporting of the technical rules
1.6	Generation/ authorisation	<ul style="list-style-type: none"> ▪ Authorisation criteria for the construction of new capacity in accordance to the requirements under article 6 of the 2003/54 Directive ▪ Publication of the criteria ▪ Motivation of refusals to applicants and appeal procedures
1.7	Generation/ Tendering rules	<ul style="list-style-type: none"> ▪ Tendering procedure provisions for new capacity (or demand side management measures). To be applied only when Security of Supply is not guaranteed and optionally otherwise ▪ Publication of the details for the tendering procedure and the tender specifications ▪ Appointment of an Institution to oversee the tendering procedure
1.8	TSO & DSO/ Designation	<ul style="list-style-type: none"> ▪ Designation of one/ more Transmission System Operator and Distribution System Operator
1.9	TSO & DSO / Tasks	<ul style="list-style-type: none"> ▪ Define the tasks of the TSO(s) and DSO(s) in accordance with art. 9 and 14 respectively
1.10	TSO & DSO / Unbundling	<ul style="list-style-type: none"> ▪ Legal, organisational and decision-making unbundling of the TSO/ DSO from other activities not related to transmission ▪ Implementation of minimum independent criteria in accordance with art. 10.2 and 15.2 respectively
1.11	TSO/ Dispatching and balancing	<ul style="list-style-type: none"> ▪ TSO: Responsibility for dispatching generation and use of interconnectors. Criteria to be published including rational for possible priority given to certain energy sources (renewables or indigenous) ▪ TSO: Responsibility to balance the system. Rules to be published.
1.12	TSO & DSO / Confidentiality	<ul style="list-style-type: none"> ▪ Provisions regarding confidentiality of commercially sensitive information
1.13	TSO & DSO/ Combined Operator	<ul style="list-style-type: none"> ▪ Possibility to have a combined transmission and distribution system operator according to the requirements

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
		given in art. 17
1.14	Unbundling accounts/ access	<ul style="list-style-type: none"> ▪ Designate competent authorities, including regulatory authorities, to have right of access to the accounts of electricity undertakings
1.15	Unbundling accounts/ unbundling	<ul style="list-style-type: none"> ▪ Electricity undertakings to draw up, submit to audit and publish their annual accounts according to rules defined in accounting acquis ▪ Internal accounting: Separate accounts for each of their transmission and distribution activities; separate accounts for supply activities for eligible and non-eligible customers
1.16	Organisation access system/ TPA	<ul style="list-style-type: none"> ▪ Adopt Third Party Access System based on published tariffs ▪ TPA refusal must be substantially reasoned by the transmission or distribution system operator
1.17	Organisation access system/ Market opening and reciprocity	<ul style="list-style-type: none"> ▪ Provisions to include the eligibility calendar (non households from January 2008 and households from January 2015) ▪ Provisions on reciprocity between Contracting Parties
1.18	Organisation access system/ Direct lines	<ul style="list-style-type: none"> ▪ Provisions to enable premises of the electricity undertakings and eligible consumers through direct lines ▪ Lay down the criteria of authorisations for the construction of direct lines
1.19	Organisation access system/ Regulatory authorities	<ul style="list-style-type: none"> ▪ Designation of one or more competent bodies as regulatory authority with the functions set in art. 23
1.20	Final provisions/ Safeguard measures	<ul style="list-style-type: none"> ▪ If applicable, to communicate any safeguard measures provisions in place in the Contracting Parties' legislation
1.21	Final provisions/ Monitoring imports	<ul style="list-style-type: none"> ▪ Report every three months on the imports of electricity as regards physical flows
1.22	Final provisions/ Derogations	<ul style="list-style-type: none"> ▪ If applicable apply for derogations according to art. 26
Regulation 1228/2003		
1.28	Inter TSO Compensation mechanism	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line art. 3 of the Regulation 1228/2003 ▪ Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.29	Charges for access to networks	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line with art. 4 of the Regulation 1228/2003 ▪ Once the EC Guidelines on ITC become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.30	Transparency	<ul style="list-style-type: none"> ▪ Publication of the parameters and standards provided in art. 5 of the Regulation 1228/2003
1.31	Congestion Management	<ul style="list-style-type: none"> ▪ Contracting Parties legislation in line with art. 6 of the Regulation 1228/2003 ▪ Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.32	New interconnectors	<ul style="list-style-type: none"> ▪ Transpose the conditions subjected to which new interconnectors might be eligible to be exempted from art. 6(6) of the Regulation 1228/2003 and art. 20, 23(2) and 4 of Directive 2003/54/EC
1.33	Penalties	<ul style="list-style-type: none"> ▪ Lay down the rules on penalties applicable to infringements of the provisions of the Regulation and adopt measures to ensure that they are implemented

CHECKLIST/GUIDELINES to Chapter 2 – Market Structure

No	Subchapter	Checklist/ Guidelines
2.1	Generation/ Supply	<ul style="list-style-type: none"> ▪ Relevant authorities shall define the relevant market, measure market concentration and apply analytical techniques consistent with international best practice. Commonly used indicators are: <ul style="list-style-type: none"> - No of companies - Installed capacity - Electricity produced - Market share - Herfindahl-Hirschman index –HHI- (by capacity and volume) - Etc.
2.2	Generation/ Supply	<ul style="list-style-type: none"> ▪ Adopt measures, if deemed necessary, based on the results ▪ Virtual capacity auctions ▪ Restructuring of the industry ▪ Security of supply provisions ▪ Planning new capacities ▪ Etc.
2.3	Transmission System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ TPA conditions ▪ Effective operational implementation of the grid code and business processes (scheduling, planning, settlement of disputes, etc)
2.4	Distribution System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ Technical rules for the operation of the distribution networks ▪ TPA access conditions ▪ Consolidation of the distribution companies

CHECKLIST/GUIDELINES to Chapter 3 – Wholesale Market

No	Subchapter	Checklist/ Guidelines
3.1	Market design	<ul style="list-style-type: none"> ▪ Bilateral trading versus power exchanges ▪ If applicable ensure compatibility of Wholesale supplier/ single buyer with a competitive market ▪ Etc.
3.2	Market rules	<ul style="list-style-type: none"> ▪ Contents of the Market rules. In a bilateral contracts/ balancing market model the min. elements should be: registration procedures for participants; scheduling process for physical nomination/ contract notification for internal contracts; gate closure; bids and offers rules or rules for regulated imbalance prices; imbalance prices quantities or price calculation when existence of balancing market; commercial aspects of ancillary services; guarantees to cover imbalances, dispute settlement; data to be published for market participants; mechanism and rules for allocation of interconnection capacity) ▪ Avoid preferential treatments or discriminatory practices (e.g. all participants should be bound to imbalance settlement) ▪ Issues to ensure regional compatibility of the national market rules (e.g. gate closure afternoon ahead as a minimum) ▪ Minimal constraints to bilateral contracting ▪ Import/ export trade not to be limited
3.3	Market transparency	<ul style="list-style-type: none"> ▪ System load ▪ Transmission and access interconnections ▪ Generation ▪ Balancing ▪ Information from the wholesale markets
3.4	Market monitoring	<ul style="list-style-type: none"> ▪ Implement a market monitoring system to obtain reliable data for further development of the market: <ul style="list-style-type: none"> - Periodic assessment of market concentration and abuses of dominant position - Wholesale market monitoring - Retail market monitoring: Customer switching rates, eligible and regulated retail market prices
3.5	Licensing and Authorization	<ul style="list-style-type: none"> ▪ Elaborate/implement a license/authorization system, compatible regionally

CHECKLIST/GUIDELINES to Chapter 4 – Retail market

No	Subchapter	Checklist/ Guidelines
4.1	Eligibility thresholds	<ul style="list-style-type: none"> ▪ Elaborate and implement market opening measures in terms of eligibility thresholds
4.2	Payment reform	<ul style="list-style-type: none"> ▪ Adopt measures towards payment reform: <ul style="list-style-type: none"> - Improve collection rates (at least 90% level) - Lower transmission & distribution technical losses - Upgrade of metering and control systems <p><i>Ref. Electricity Transition Strategy and Electricity Market Options Paper</i></p>
4.3	Customer switching	<ul style="list-style-type: none"> ▪ Develop customer switching protocols and required infrastructure (between new and old supplier, distribution companies and customer). They should at least include: <ul style="list-style-type: none"> - Clear responsibilities between relevant players involved including timeframes for each task in the switching process - Development of parameters to identify points of supply - Metering and settlement arrangements including when switching in between a reading cycle - Load profiles for customers which are not hourly metered - Transfer of the network capacity from old to new supplier - Upgrade IT systems and electronic filing required for customer switching <p><i>Ref. ERGEG Guidelines</i></p>
4.4	Customer protection	<ul style="list-style-type: none"> ▪ Development of Customer Protection rules which shall at least include: <ul style="list-style-type: none"> - Guarantee of connection to the network in reasonable time and price - Distribution companies to provide terms and conditions to customer prior to connection - Disconnection only in severe breach of connection contract - Quality and continuity of supply standards, including its monitoring - Dispute settlement. Companies to develop if possible code of conduct - Transparency of retail prices (available of information to make the choice, price information in the bills and price update during the contracting period) <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 5 – Tariff reform and affordability

No	Subchapter	Checklist/ Guidelines
5.1	All-inclusive regulated retail tariffs	<ul style="list-style-type: none"> ▪ Development of retail cost reflective (all-inclusive) tariffs: <ul style="list-style-type: none"> - Development of a cost-reflective retail tariff methodology - Calculation of the tariffs according to the proposed methodology. Cross subsidies among consumer groups shall be avoided <p><i>Ref. USAID tariff benchmarking study</i></p>
5.2	TPA tariffs (transmission, distribution, ancillary services)	<ul style="list-style-type: none"> ▪ Development of cost reflective TPA tariffs: <ul style="list-style-type: none"> - Development of a TPA tariff methodology/s which shall take into consideration an appropriate rate of return, an appropriate depreciation of the assets, incentives for future investment and the operating costs of the company and incentives for efficiency - Calculation of the tariffs according to the proposed methodology (this will require among others, the system cost determination) <p><i>Ref. USAID tariff benchmarking study</i></p>
5.3	Other regulated tariffs	<ul style="list-style-type: none"> ▪ Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition
5.4	Affordability	<ul style="list-style-type: none"> ▪ Development and adoption of support schemes for the protection of vulnerable customers <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 6 – Market integration

No	Subchapter	Checklist/ Guidelines
6.1	Interconnection capacity	<ul style="list-style-type: none"> ▪ Develop and adopt coordinated market based mechanisms at each border
6.2	Interconnection capacity	<ul style="list-style-type: none"> ▪ Development of a regional coordinated market based mechanism: <ul style="list-style-type: none"> - Further work and agreement on flow based capacity allocation mechanism including distribution of revenues - Establishment of an auction office, defining the financial framework, organizational structure and responsibilities
6.3	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee
6.4	Inter TSO Compensation	<ul style="list-style-type: none"> ▪ Development of a methodology to invoice or credit market participants in relation with the ITC
6.5	Market design/ Market rules	<ul style="list-style-type: none"> ▪ The European Commission shall state a preference on wholesale market opening
6.6	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market opening indicating measures to start up competition
6.7	Market design/ Market rules	<ul style="list-style-type: none"> ▪ Guidelines for market rules development
6.8	Licensing	<ul style="list-style-type: none"> ▪ Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply