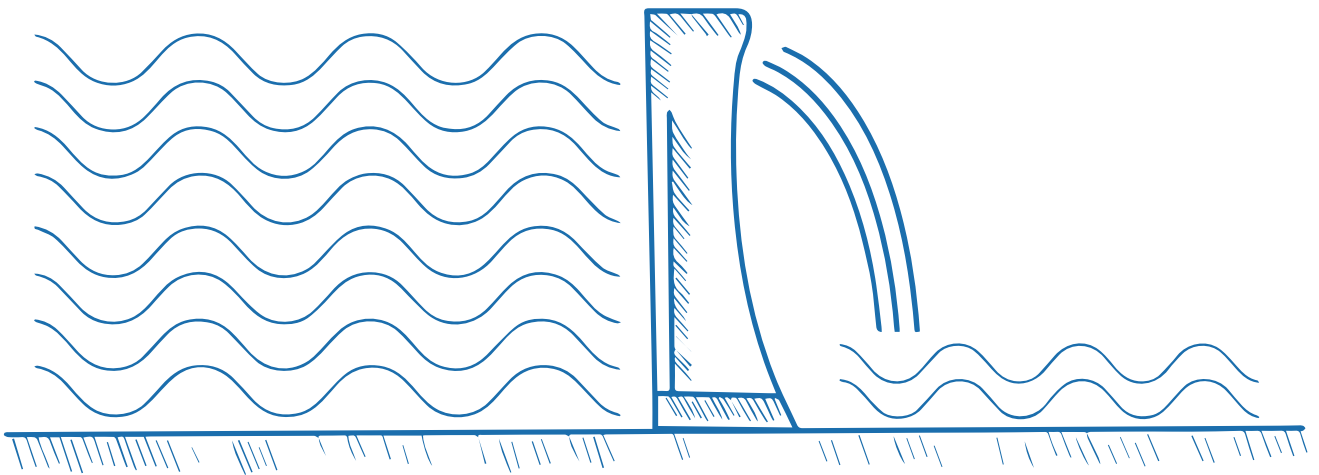


Bosnia and Herzegovina

Annual Implementation Report

1 November 2024

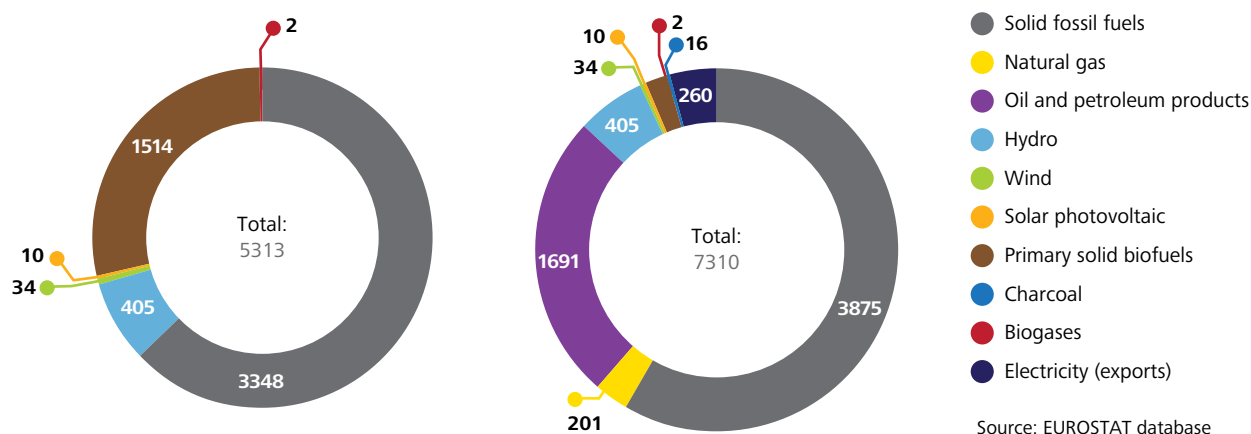


IMPLEMENTATION OVERVIEW

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
 Markets and integration	25%	Transposition of the EIP should be urgently completed and followed by certification of the transmission system operator and designation of a nominated electricity market operator. Bosnia and Herzegovina should transpose the natural gas acquis in the entire territory and implement the network codes. It should open its market.
 Decarbonising the energy sector	39%	Bosnia and Herzegovina should transpose and implement the required elements of the EU ETS Directive, including the Monitoring and Reporting Regulation and the Accreditation and Verification Regulation. The country should adopt its NECP without delay. It should also follow up on climate reporting obligations and establish a national inventory system to estimate anthropogenic emissions by sources and removals by sinks. The urgent transposition of sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids, and biomass fuels as stipulated in REDII is needed. Bosnia and Herzegovina should adopt a long-term building renovation strategy, establish an energy efficiency obligation scheme, and complete heating and cooling assessments.
 Ensuring energy security	6%	Regulation (EU) 2019/941 should be transposed and the risk-preparedness plan developed. Commission Regulation (EU) 2017/2196 should be fully transposed. Bosnia and Herzegovina should transpose the The NECP revision should run in parallel with the Strategic Environment Assessment update.
 Improving the environment	34%	Accurate transposition of Article 8a of the Environmental Impact Assessment (EIA) Directive when renewing development consent for approved projects must be must ensured. The Strategic Environment Assessment for the draft NECP is to be accelerated. Long-standing non-compliance with industrial emissions legislation must be addressed without further delay.
 Performance of authorities	53%	Further institutional strengthening of authorities is recommended, along with enhancing capacities and capabilities of professional staff. This concerns specifically State aid and statistical authorities. More active enforcement of REMIT rules would promote market transparency.

2022 Fuel mix in primary production of energy (in ktoe)

2022 Gross available energy per product (in ktoe)



ECS-5/17 - electricity	Overall number of cases: 13	ECS-8/11 S - gas
ECS-1/14 - energy efficiency		
ECS-3/18 - infrastructure	Procedures under Article 91 EnCT	ECS-2/13 S - environment
ECS-9/21 - environment		
ECS-1/22 - environment	Procedures under Article 92 EnCT	ECS-6/16 S - third energy package
ECS-10/23 - environment		
ECS-6/24 - electricity		
ECS-14/24 - oil		
ECS-19/24 - gas		
ECS- 24/24 - renewable energy		



Bosnia and Herzegovina

Markets and integration

ELECTRICITY

36%



WHOLESALE MARKET

30%

Bosnia and Herzegovina has not yet transposed the Electricity Integration Package (EIP), deadline due on 31 December 2023, and an infringement procedure for non-transposition has been initiated by the Secretariat.

Since the Third Energy Package has neither been transposed nor implemented, the electricity market remains governed by a legal framework which is not compliant and conducive for day-ahead and intraday market development. As a result, no progress has been made towards setting-up an organised day-ahead and intraday market and designating at least one nominated electricity market operator (NEMO), for which the deadline expired on 15 June 2023.

The wholesale market continues to be based on the bilateral trade dominated by the three state-owned incumbent utilities Elektroprivreda Hrvatske zajednice Herceg-Bosna (EPHZHB), Elektroprivreda Bosne i Hercegovine (EPBIH), and Elektroprivreda Republike Srpske (ERS). Among the incumbent utilities, only ERS trades directly on foreign spot markets, while EPBIH and EPHZHB rely on electricity traders.

If NOS BiH is unable to secure electricity for transmission losses through public auctions, the supply is provided by entities designated by the transmission system operator (TSO) in a non-market-based process, with prices regulated by the State Energy Regulatory Commission (SERC). Distribution losses are not procured through market procedures due to the lack of unbundling; instead, they are supplied by the generation units within the vertically integrated undertakings.

A competitive balancing energy and ancillary services market has been operational since 2016, with price caps set by SERC. Auctions are conducted via annual and monthly bids, while prices of the balancing energy are formed day-ahead through suppliers' offers on an hourly basis. All required balancing capacities for 2023, apart from frequency containment reserves (FCR) and automatic frequency restoration reserve (aFRR) capacity in off peak load periods, were procured in public procurement procedures, mostly in the annual tender.

The REMIT Regulation has been fully transposed and implemented.

RETAIL MARKET

40%

Directive (EU) 2019/944 has not yet been transposed and implemented. Households and small consumers continue to have access to universal service supply at regulated prices, despite the fact that since 1 January 2024 price setting shall be applied only to households and microenterprises. In the Federation, prices are regulated by the entity regulator FERC, with two power utilities serving as universal service suppliers. In Republika Srpska and Brčko District, prices are regulated by RERS and SERC, respectively. In the Federation, a price increase for eligible customers is limited to 20% per annum. This provision was first introduced in December 2021 and has continued to be in place for 2024.

In practice, the retail customers are still primarily supplied by the three incumbent utilities with limited competition. In 2023, nearly all consumers remained with their incumbent suppliers, with only 0,2% of final consumption supplied by alternative suppliers.

A legal framework for protection and empowerment of customers needs significant improvements to be in line with the relevant acquis. In Republika Srpska and Brčko District, the concept of vulnerable customers is explicitly defined in primary legislation. While the legislation in Federation of Bosnia and Herzegovina does not provide a specific definition for vulnerable customers, EPBIH and EPHZHB offer a subsidisation programme for below-average consumption for pensioners with low-income, and permanent financial assistance for consumers with below-average consumption. Besides the regulator, in Bosnia and Herzegovina, the ombudsman for customer protection and a local/regional court may also be appointed as Alternative Dispute Resolution body.

The market rules allow non-discriminatory access to the electricity market for distribution-connected power plants, including virtual power plants, i.e. aggregators. By December 2023, seven virtual power plants had a combined capacity of 214,02 MW. Although the concepts of active consumers and citizen energy communities, as defined in Directive (EU) 2019/944, have not been incorporated into the legal framework, SERC estimates that active consumers/prosumers fed approximately 30 GWh of electricity into the grid in 2023.

UNBUNDLING

20%

A legal framework for unbundling and certification of the transmission system operator is still missing. Commission Regulation (EU) 2017/1485 has not been fully transposed into the national legislation. The independent transmission system operator of Bosnia and Herzegovina, NOS BiH, signed the Synchronous Area Framework Agreement (SAFA) for Regional Group Continental Europe as a member of the ENTSO-E. NOS BiH operates with the TSOs of Slovenia and Croatia in the SHB load-frequency control block based on an operational agreement signed in 2019. NOS BiH and a transmission company of Bosnia and Herzegovina, Elektroprijenos BiH, jointly prepare and publish TYNDPs on a regular basis.

The unbundling of three power utilities - EPBIH, EPHZHB, and ERS - remains incomplete. Detailed dynamic action plans for unbundling the distribution system operators have been established to ensure completion within the two-year implementation deadline. These plans are in line with the Electricity Law, approved by the Federation of Bosnia and Herzegovina's entity government in August 2023. While legal and accounting unbundling has been completed for five distribution companies owned by ERS, no progress has been made towards functional unbundling. The tasks of distribution system operators are not aligned with the requirements of Directive (EU) 2019/944.

ACCESS TO THE SYSTEM

85%

In March 2024, the entity regulator of Republika Srpska approved new distribution tariffs. SERC's most recent decision on tariff adjustments for the operation of the independent system operator was approved in December 2023, while distribution tariffs in Brčko District remain unchanged since early 2023. The transmission network tariff has not been updated since 2017. In line with the electricity transmission tariff methodology, congestion income is considered a deductible item in the calculation of the transmission tariff, leading to a reduction in the tariff by the corresponding amount.

The connection codes were transposed at the national level through SERC Decision No. 42/18, issued on 22 June 2018. The

transmission grid code, updated in 2021, largely incorporates these connection codes, whereas the distribution grid codes are not yet fully aligned with them.

The Transparency Regulation has been transposed and is largely implemented, although balancing data still requires additional efforts for full publication.

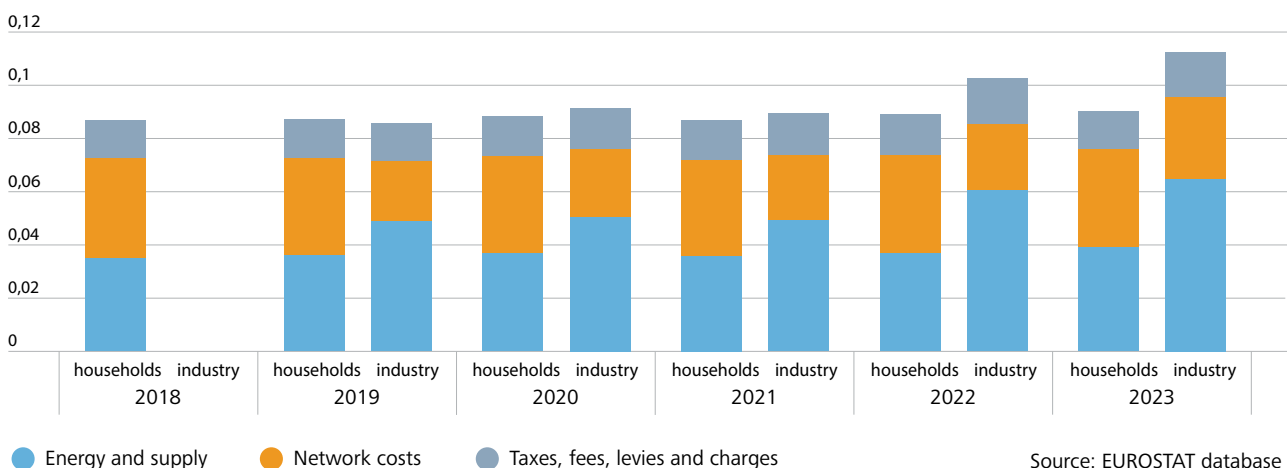
REGIONAL INTEGRATION

12%

Regulation (EU) 2019/943 has not been transposed and implemented. By the end of 2023, NOS BiH was obliged to make 70% of cross-zonal transmission capacities available for trade; however, no actions were taken towards implementing this obligation. Commission Regulation (EU) 2016/1222 is not transposed, whereas Commission Regulation (EU) 2016/1719 and Commission Regulation (EU) 2017/2195 are partially transposed through the market rules. The regional auction platform SEE CAO is used for annual, monthly, and daily capacity allocation with Croatia and Montenegro. All intraday auctions and auctions on the interconnection with Serbia are still organised bilaterally between the respective transmission system operators. In the load-frequency control block with the transmission system operators of Croatia and Slovenia, the independent system operator NOS BiH cooperates in cross-border balancing. Bilateral balancing energy exchanges with the transmission system operators of Montenegro and Serbia are organised.

Regulation (EU) 347/2013 has not been transposed in Bosnia and Herzegovina and a deadline for the transposition of the new Regulation (EU) 2022/869 expires on 31 December 2024. Bosnia and Herzegovina nominated its 400 kV section from Visegrad to Bajina Basta at the PEI selection process in 2024, together with four other electricity-related infrastructure projects. Two projects were included in the draft preliminary PEI list to be adopted by the Ministerial Council in December 2024 (increasing the capacity of existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje – Perućica and Trans Balkan Corridor: Double OHL 400 kV Bajina Basta – Visegrad /Pljevlja, BA and ME sections).

Average annual prices of electricity for end users per component [EUR/kWh]



Source: EUROSTAT database



WHOLESALE MARKET

10%

Bosnia and Herzegovina has a foreclosed gas market, organised in two parallel entity gas markets, with two dominant wholesale suppliers, one for each entity. Republika Srpska's wholesale market prices are not regulated, while in Federation of Bosnia and Herzegovina wholesale prices are determined by the entity government. All transactions are based on bilateral contracts. A virtual trading point for Republika Srpska has been established but is not functional and it does not even exist in the Federation. The REMIT Regulation covering the gas markets has not been transposed.

RETAIL MARKET

13%

In Republika Srpska, all retail market customers are supplied at non-regulated prices, and switching rules are in place. The public supplier for households has not been appointed yet. The dominant supplier, the public company GAS RES, serves approximately 85% of the retail market in Republika Srpska. Customers in the Federation of Bosnia and Herzegovina are still captive and supplied under regulated prices by a few retail suppliers as well as distribution system operators for given areas.

UNBUNDLING

14%

Three companies in Bosnia Herzegovina operate the gas transmission system. In the Federation of Bosnia and Herzegovina, one company operates the transmission network as an exclusive and sole task in line with the Decree on Organisation and Regulation of the Gas Sector, but there is no legal basis for unbundling under the Third Energy Package. In Republika Srpska, one of two operators, Gas Promet Pale, is certified under the ownership unbundling model by the entity's regulator. The second one, Sarajevogas Istocno Sarajevo, is still bundled, and

performs transport, distribution, system operation, and supply, with no follow-up on the unbundling plan provided some years ago. The entity government of Republika Srpska decided that Gaspromet Pale has to be a single operator in the entity. The decision has not been executed. Distribution of gas in both entities is bundled with the supply and trade of natural gas as allowed by the directive's de minimis clause. There are no storage and LNG facilities in the country.

ACCESS TO THE SYSTEM

11%

Third-party access is not established under the network codes provisions of either entity. Third-party access is granted for a part of the network operated by Gaspromet Pale, under regulated tariffs determined by the entity regulator for the gas network in Republika Srpska, but not compliant with the tariff network code. Sarajevogas Istocno Sarajevo established tariffs without following the procedure determined by the entity legislation. In the Federation, the access is negotiated, and the entity government determines network tariffs as part of the gas price at the distribution level.

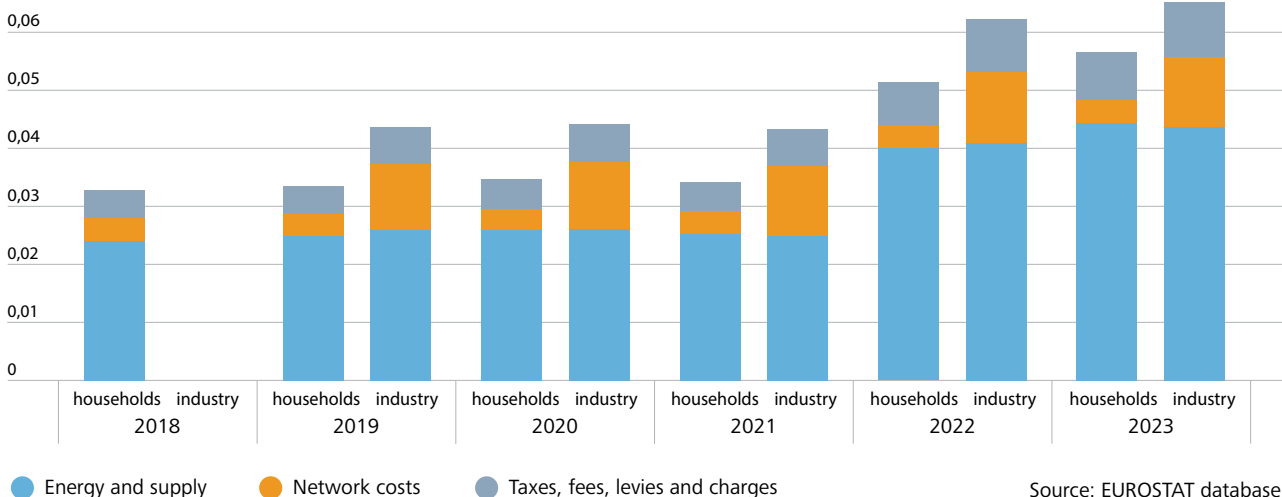
REGIONAL INTEGRATION

35%

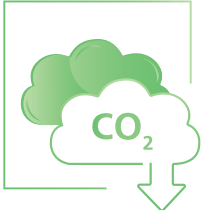
An interconnection agreement was signed between the adjacent operators for the single interconnection point between Serbia and Bosnia and Herzegovina. The virtual interconnection point was established in May 2023 which provides more flexibility to traders and potentially opens preconditions for balancing.

The old Regulation (EU) 347/2013 has not been transposed in Bosnia and Herzegovina. A timeline for transposing the revised Regulation (EU) 2022/869 remains unknown. There is no PECE project in the territory of Bosnia and Herzegovina, chosen under the procedure launched in 2024 for the Energy Community which relates to gas or hydrogen.

Average annual prices of gas for end users per component [EUR/kWh]



Source: EUROSTAT database



Bosnia and Herzegovina

Decarbonising the energy sector



GOVERNANCE/CLIMATE IMPLEMENTATION

36%

NATIONAL ENERGY AND CLIMATE PLANS

36%

Bosnia and Herzegovina submitted an updated descriptive part of its National Energy and Climate Plan (NECP) on 28 June 2024, as well as a summary of how the Secretariat's recommendations had been taken into account. For a complete assessment Bosnia and Herzegovina would need to adopt and submit the full NECP (including the analytical section) to the Secretariat.

GREENHOUSE GAS 2030 TARGET

80%

Bosnia and Herzegovina has not defined the 2030 climate target in its national legislation, but it is included in the draft NECP. The target is in line with the 2030 target set by the Energy Community.

NATIONAL SYSTEMS FOR CLIMATE REPORTING

14%

There is no legal basis for a national greenhouse gas inventory system. Bosnia and Herzegovina has not yet established a national greenhouse gas inventory system, nor a national system on policies, measures and projections. Bosnia and Herzegovina still needs to initiate reporting on the national system for policies, measures and projections.

NATIONAL GREENHOUSE GAS EMISSIONS POLICIES AND MEASURES

15%

Reporting obligations have not been transposed in the legislation. Bosnia and Herzegovina nominated lead reporters for the Governance Regulation reporting activities and has initiated reporting on policies and measures (PaMS). However, it has not officially submitted a report to Reportnet.¹ Bosnia and Herzegovina has not reported or initiated a process for reporting on adaptation strategies and carbon pricing revenue in the context of Reportnet system.

LONG-TERM STRATEGY AND CLIMATE NEUTRALITY

34%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Bosnia and Herzegovina adopted and submitted a long-term strategy to UNFCCC in July 2023. The strategy, however, does not have a 2050 climate neutrality objective, but only a net reduction of greenhouse gas emissions by 80% compared to 1990.

¹ Reportnet 3.0 (<https://reportnet.europa.eu/>) is the next generation platform for reporting environmental data to the European Environment Agency (EEA) and also host several reporting tasks for the European Commission. Reportnet 3.0 is a centralised e-Reporting platform, aiming at simplifying and streamlining the data flow steps across all environmental domains. The system acts as a one-stop-shop for all involved stakeholders. It is managed by the EEA and Contracting Parties report through it.

RENEWABLE ENERGY IMPLEMENTATION

46%



2030 RENEWABLE ENERGY TARGETS **73%**

The target of achieving a 43,6% share of renewable energy in the gross final energy consumption as outlined in the draft NECP is in line with the 2030 target set by the Energy Community. The overall 2030 renewable energy target is subdivided into sectorial targets for electricity (70,1%), transportation (8,4%), and heating and cooling (60,8%). In line with Article 26 of the Renewable Energy Directive (REDII), Bosnia and Herzegovina has adjusted its minimum target for renewable energy in transport to 7% by 2030. The 2030 target for renewable energy in the heating and cooling sector does not comply with the requirements of Article 23 of REDII.

QUALITY OF SUPPORT SCHEME **40%**

In February 2022, August 2022 and September 2023, respectively, Republika Srpska, Brčko District and the Federation of Bosnia and Herzegovina passed renewable energy laws, which introduced market-based support schemes in compliance with the REDII requirements. Unlike the Federation, Republika Srpska has adopted rulebook on auctions and programme on the use of renewable energy sources. However, the implementation of auctions is still lacking in both entities. None of the cooperation mechanisms (statistical transfer, joint projects, joint support schemes) have been implemented.

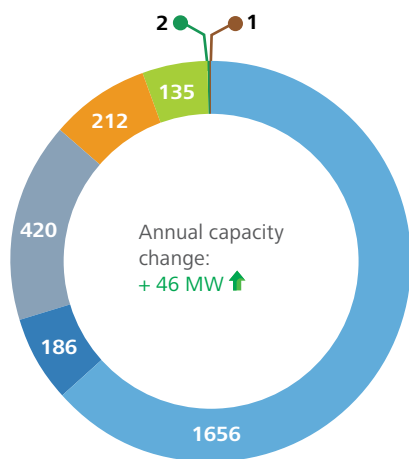
SELF-CONSUMPTION AND ENERGY COMMUNITIES **75%**

Republika Srpska, Brčko District and Federation of Bosnia and Herzegovina have incorporated provisions for self-consumption and energy communities in their renewable energy laws. In April 2024, Federation of Bosnia and Herzegovina also adopted a rulebook allowing the implementation of a self-consumption scheme. The next step is to adopt the necessary secondary legislation and establish the first renewable energy communities.

GUARANTEES OF ORIGIN **35%**

Both entities in Bosnia and Herzegovina joined the Energy Community initiative to establish a regional system for guarantees of origin. Electronic registries for guarantees of origin in Bosnia and Herzegovina have been created and can be utilised as soon as the entity regulator from Republika Srpska and the operator for renewables in the Federation, as the designated issuing bodies, sign direct agreements with the service provider. On 1 June 2023, the entity regulator of Republika Srpska entered into such an agreement and started issuing guarantees of origin. The Federation of Bosnia and Herzegovina is in the final stage of public procurement procedure. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity, without encompassing other energy carriers as specified in REDII.

Total Capacities of Renewable Energy 2023 (MW)



Annual capacity change:
+ 46 MW ↑

- Large hydropower
- Small hydropower <10 MW
- Pumped storage
- Wind
- Solar
- Biogas
- Biomass

Total capacities of renewable energy (MW): **2612**

Source: Ministry of Foreign Trade and Economic Relations

SUSTAINABILITY CRITERIA FOR BIOFUELS, BIOLIQUIDS AND BIOMASS FUELS **0%**

Provisions related to sustainability and greenhouse gas emissions saving criteria for biofuels, bioliquids and biomass fuels are still not transposed into the national legislation. Thus, the legal framework in this area remains non-compliant with REDII.

RENEWABLE ENERGY IN HEATING AND COOLING **45%**

The renewable energy laws in both entities and the Brčko District create a legal basis for establishing measures to streamline renewable energy in heating and cooling. On the other hand, the legal framework for district heating needs to be improved in both entities by transposing Article 24 of REDII, with a focus on integrating renewables and waste heat into district heating, as well as ensuring consumer rights and information obligations. Although slight progress has been observed in defining policies and measures in the draft NECP, it is crucial to clarify the missing details, including investment needs, quantitative effects, and progress indicators, to ensure effective implementation.

ENERGY EFFICIENCY IMPLEMENTATION

49%



2030 ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

56%

The draft NECP partially aligns with the 2030 targets set by the Energy Community, but it requires greater ambition, particularly in its primary energy consumption target.

Although the draft NECP introduces specific targets from Articles 5 and 7 of the 2012 Energy Efficiency Directive (EED), further alignment with the updated ambitions of 3% and 0,8% is necessary.

Energy efficiency policy and measures introduced in the draft NECP should be more specific and their progress more measurable to realistically contribute to the 2030 targets, including explanations of how the “energy efficiency first” principle has been taken into consideration.

ENERGY EFFICIENCY IN BUILDINGS

66%

Progress in the implementation of necessary legislative adjustments and comprehensive building renovation strategies in line with the energy efficiency requirements specified within the Governance Regulation has been limited. The entity government of the Federation of Bosnia and Herzegovina adopted the Long-Term Building Renovation Strategy, and in September 2024, the decision on the maximum cost for energy audit services was published in the Official Gazette.

Bosnia and Herzegovina should prioritise the accelerated finalisation, adoption, and rigorous implementation of a comprehensive long-term building renovation strategy at all levels (Republika Srpska, administrative bodies at the state level, and Brčko District) in parallel with the process of adoption of NECP.

Some progress has been made in training experts for energy audits and building certification, while there was no progress in drafting or adoption of new legislation or rulebooks to implement 2018 EPBD amendments.

ENERGY EFFICIENCY SCHEME AND FINANCING

49%

Bosnia and Herzegovina drafted provisions for the implementation of Article 7 of the EED. However, no energy-saving measures have been put in place. Both the legal framework and the NECP measures should be upgraded to reflect new ambitions from the 2018 amendments of the Energy Efficiency Directive, and Annex III of the Governance Regulation.

As regards the financing framework, each entity has an energy efficiency and environmental fund dedicated to monitoring the implementation progress and reporting on the achieved energy savings. The energy efficiency laws in both entities and the Brčko District acknowledge the significance of energy service companies (ESCOs) and energy performance contracting. However, the lack of supplementary secondary legislation and model ESCO contract are limiting implementation.

ENERGY EFFICIENT PRODUCTS – LABELLING

42%

Bosnia and Herzegovina achieved certain progress by the adoption of rulebooks transposing the energy labelling and eco-design delegated regulations which were developed during the previous reporting period. Federation of Bosnia and Herzegovina adopted a rulebook on energy-efficient products labelling in August 2023, while the update of existing regulations in Republika Srpska is still not adopted.

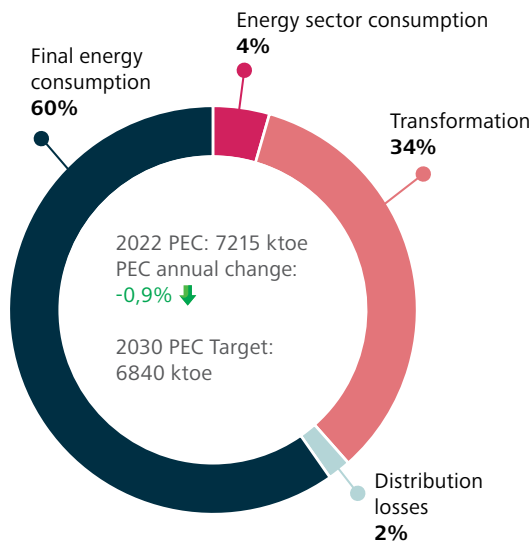
EFFICIENCY IN HEATING AND COOLING

32%

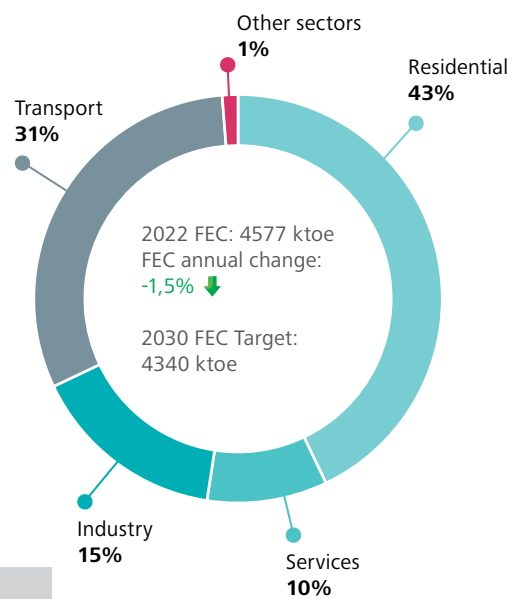
While there has been no progress in further aligning national legislation with the EED obligations, the approval of a district heating system modernisation project in the Pale municipality of Republika Srpska represents an important step forward. The implementation of consumption-based billing continues to face challenges, as its adoption is at the discretion of local authorities. Furthermore, in the absence of an institutional monitoring system, there is a lack of data regarding the progress of consumption-based billing implementation. Additionally, the process of conducting a comprehensive assessment of the national potential for efficient heating and cooling remains pending.

2022 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2022 value and trends:
0,42 ktoe/mil EUR, -4,6%

Source: EUROSTAT 2024 data, draft NECP and 2022 Ministerial Council Decision

EMISSION TRADING SCHEME (MONITORING, REPORTING, VERIFICATION AND ACCREDITATION)

0%



FOUNDATIONS, INSTITUTIONS, PERMITS

0%

Bosnia and Herzegovina has not transposed elements of the EU ETS Directive into national law and therefore has not established the foundations and institutional framework for the MRVA of greenhouse gas (GHG) emissions at the installation level.

VERIFICATION AND ACCREDITATION

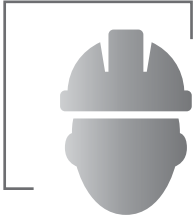
0%

Bosnia and Herzegovina has not transposed the Verification and Accreditation Regulation into national law, and a national accreditation body for GHG related processes has not been appointed so accreditation framework has not been set up to enable accreditation for GHG verifiers.

MONITORING AND REPORTING

0%

Bosnia and Herzegovina has not transposed the Monitoring and Reporting Regulation into national law. The mechanisms related to the approval of permits containing monitoring plans and the submission of annual emission reports have not been implemented.



Bosnia and Herzegovina

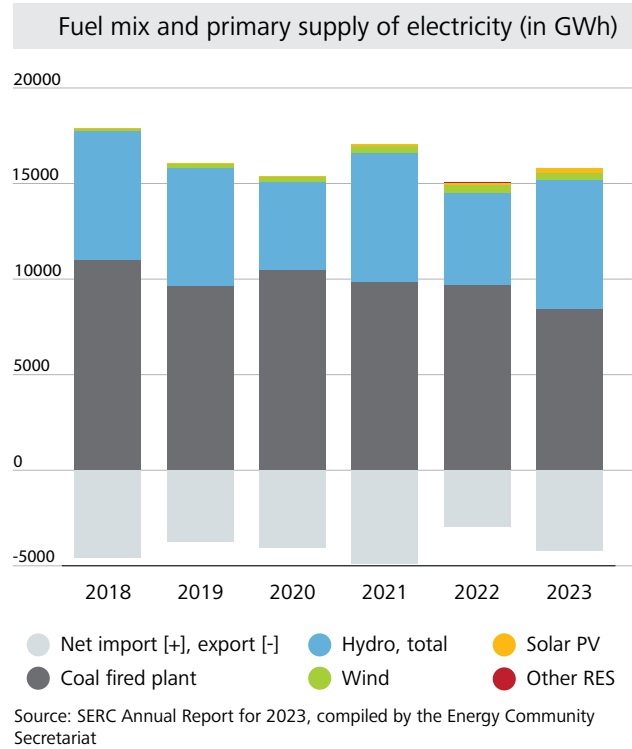
Ensuring energy security

ELECTRICITY SECURITY OF SUPPLY 15%

The transposition of Regulation (EU) 2019/941 has not yet been completed, despite the deadline having passed on 31 December 2023. The implementation is also yet to be initiated by the designation of the competent authority, for which the deadline was 5 January 2023 and the development of the risk-preparedness plan with a deadline due on 5 January 2025. Bosnia and Herzegovina is not providing the Security of Electricity Supply Statements to the Secretariat despite its obligation under Article 29 of the Treaty. Regulation (EU) 2017/2196 has been partially transposed through several acts by DERK and NOS BiH, but the Secretariat has not been notified according to Article 55 of Regulation (EU) 2017/2196. Pursuant to Articles 4 and 36 of Regulation (EU) 2017/2196, DERK approved the rules for the suspension and restoration of market activities on 9 April 2024. The power system defence plan as of 2013 has not yet been updated in accordance with Regulation (EU) 2017/2196.

There is no legal framework at the state level for cyber-security and the current cybersecurity infrastructure lacks advanced monitoring and threat detection capabilities. At the state level, guidelines for a strategic cybersecurity framework were adopted in 2019. However, no comprehensive national strategy has been implemented to date. This delay persists despite the ENTSO-E cybersecurity report from 2022, which identified Bosnia and Herzegovina's energy sector as one of the most vulnerable in the region due to outdated infrastructure and insufficient cybersecu-

rity investments. Draft NECP recognised these vulnerabilities and suggested several actions for protection against cyber attacks.



GAS SECURITY OF SUPPLY 0%

A few rudimentary provisions related to the security of gas supply in place in Republika Srpska have not rectified the country's complete non-compliance with the mandatory acquis, i.e. Regulation (EU) 2017/1938 and Regulation (EU) 2022/1032. There is an open case against Bosnia and Herzegovina for the lack of transposition of these two acts.

Besides, determining transmission tariffs outside the regulatory procedure for the part of the transmission network in the middle of the supply route increases the threat of supply interruption, which has been avoided in the last two winters.

OIL SECURITY OF SUPPLY 0%

Bosnia and Herzegovina lacks state-level legislation on compulsory oil and petroleum product stocks, and no national policy is in place to meet the requirements of Directive 2009/119/EC. Although both entities have adopted laws, these are not compliant with the Directive. Bosnia and Herzegovina still needs to establish a state-level emergency stockholding model that aligns with Directive 2009/119/EC and is adaptable to its specific conditions. Despite significant efforts to finalise an emergency oil stockholding model that would be workable for both entities

and the Brčko District, Bosnia and Herzegovina's legal framework remains non-compliant with the oil acquis.

No monthly oil data collection is carried out, but the monthly COIR questionnaire is submitted.

In July 2024, the Secretariat sent a Reasoned Request for non-transposition of the Oil Stocks Directive to the Ministerial Council.



Bosnia and Herzegovina

Improving the environment

ENVIRONMENTAL ASSESSMENTS

36%

The incorrect transposition of Article 8a of the Environmental Impact Assessment (EIA) Directive, concerning the extension of development consent for approved projects, remains an issue in both entities. The 2023 Federation of Bosnia and Herzegovina (FBiH) EIA criteria, setting a 10 MW threshold for energy projects and a four-unit limit for wind power projects, remain unchanged and misaligned with the EIA Directive, failing to consider the need to assess environmental impacts based on the nature and location of the projects. During the reporting period, Bosnia and Herzegovina subjected nearly 700 MW of solar power projects and over 350 MW of wind power projects to EIA procedures, indicating a significant increase in applications for renewable energy projects. However, this growth in demand has not been matched by improvements in the capacity of national authorities responsible for EIAs, which has remained stagnant; no advancements have been made in enhancing the assessment of project impacts or in engaging with the public.

During the reporting period, the Supreme Court of Republika Srpska annulled the EIA procedure and environmental permit for 700 MW Ugljevik 3 coal power plant. Additionally, the developer reinitiated the Gacko mine EIA, which had been the subject of a complaint submitted to the Secretariat in 2020, following a 2023 court ruling that annulled the project's environmental permit.

The cross-border dialogue between Montenegro and Bosnia and Herzegovina concerning transboundary impacts of the Buk Bijela hydropower project, facilitated by the Energy Community Secretariat, resulted in an agreed roadmap and the requirement for a new transboundary EIA, with a particular emphasis on biodiversity impacts.

The effective implementation of Strategic Environmental Assessment (SEA) procedures continues to be a challenge for plans and programmes adopted at the national level. The SEA procedure for the National Energy and Climate Plan (NECP) has encountered significant delays, jeopardising the adoption of the plan in accordance with the SEA Directive. Additionally, public consultations, including transboundary consultations, have not been initiated, raising concerns about the effectiveness and efficiency of the overall consultation process.

LARGE COMBUSTION PLANTS

37%

Bosnia and Herzegovina complied with its emission reporting obligations for the 2023 reporting year in March 2024. The absolute amounts of emissions of all three pollutants remained approximately at the same level as in 2023. The significant breach of the NERP ceilings for all three pollutants (sulphur

dioxide, nitrogen oxides and dust), that was also established by the decision of the Ministerial Council in 2023, persists. With the opt-out mechanism having ended on 31 December 2023, all combustion plants previously benefiting from this flexibility instrument must be upgraded to comply with the standards of the Industrial Emissions Directive or be closed down.

SULPHUR IN FUELS

27%

The draft legislation to address the infringement established by the Ministerial Council was adopted, but it does not take into account concerns expressed by the Secretariat. As a result, the breach identified in the corresponding dispute settlement case remains unresolved, preventing the Secretariat from closing the case.

NATURE PROTECTION

40%

Republika Srpska has adopted a new Law on Nature Protection that further aligns national legislation with the Birds Directive and introduces an appropriate assessment mechanism for projects and plans that may significantly impact biodiversity. Work is underway on developing secondary legislation and establishing an institutional framework to support the implementation. Meanwhile, the Federation of Bosnia and Herzegovina has prepared amendments to the Law on Nature Protection, which are expected to be adopted by the end of the year. These amendments should streamline the process for local and cantonal authorities to designate protected areas, significantly enhancing the country's ability to work more efficiently and effectively on nature conservation.

Two new protected wetland areas encompassing 900 hectares have been designated: "Starača" in the Odžak municipality and "Tišina" in the Domaljevac-Šamac municipality. The establishment of management plans and management bodies is pending. Challenges related to the development of hydropower projects and their potential impacts on candidate Emerald sites and Ramsar wetlands of international importance persist, especially concerning unresolved projects on the upper Neretva and upper Drina Rivers. While the renewal of the environmental permit for the Neretva hydropower cascade is on hold, construction and operation of the HPP Ulog continue.

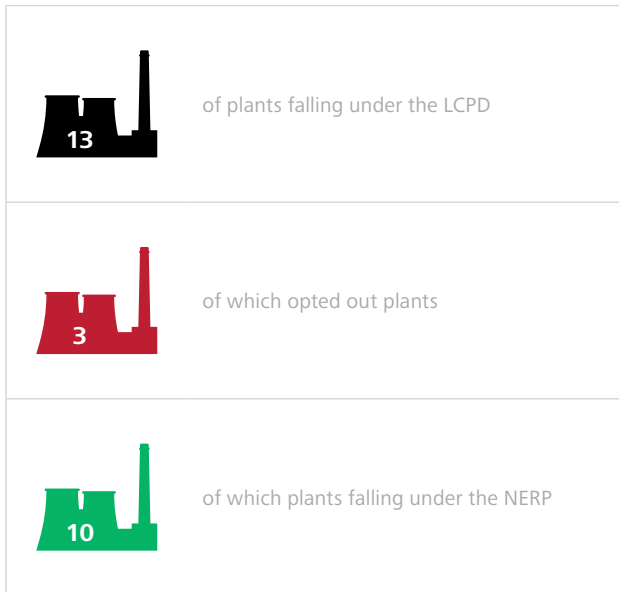
ENVIRONMENTAL LIABILITY

20%

In Federation of Bosnia and Herzegovina, the Law on Environmental Protection transposes certain provisions on the prevention and elimination of environmental damage. At the same time, there are no financial mechanisms established to ensure the implementation of those provisions. In Republika Srpska,

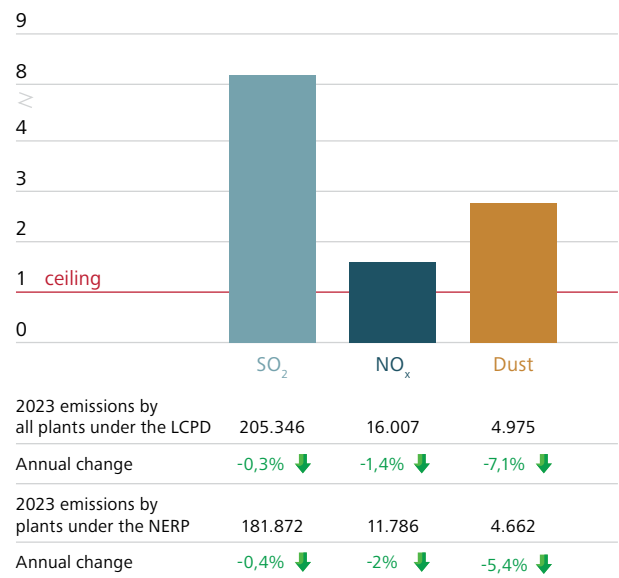
the Directive has not been transposed. The Ministerial Council adopted a decision establishing this breach in 2023, but no further development occurred in the reporting period.

Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

2023 emissions versus NERP ceilings





Bosnia and Herzegovina

Performance of authorities



REGULATORY AUTHORITY

42%

The SERC remains the only regulator in the Energy Community whose set-up does not comply with the Third Energy Package requirement for a single regulatory authority for electricity and gas. The duties and powers of SERC are limited to regulating electricity transmission and monitoring the wholesale electricity market. Nevertheless, the legal set up of SERC's independence framework is aligned with the Energy Community acquis. However, SERC is not equipped with necessary competences to implement the EIP due to the lack of transposition on national level.

In the reporting period, SERC continued with the efforts to implement the acquis within the limits of the powers granted by state-level legislation. This included issuing licenses for international electricity trading, adopting tariff decisions for the independent system operator, system and ancillary services, adopting indicative generation development plans for 2025–2034, as well as approving the investment plan for the electricity TSO Elektroprivreda BiH. Secondary legislation implementing REMIT is in place, as well as the relevant register of market participants, however no investigation has been carried out so far.



COMPETITION AUTHORITY

70%

In the reporting period, the Competition Council has been very active and concluded four proceedings related to competition in the energy sector; one merger case and three cases concerning anti-competitive agreements. In one of these cases, the Competition Council annulled an anti-competitive agreement and

fined a company active in quality control of coal for infringing competition law. In another case, the Ministry of Infrastructure was found to have restricted the market for the communal service of supply of heat.



STATE AID AUTHORITY

75%

The State Aid Council (SAC) and its secretariat have been very active in the last reporting periods. However, in the current reporting period, no measures in the energy sector have been subject to State aid assessment in Bosnia and Herzegovina. Ad-

ditional human resources would significantly enhance the capabilities of the SAC, allowing for more proactive investigations into State aid measures.



STATISTICAL AUTHORITY

66%

The Agency for Statistics of Bosnia and Herzegovina (BHAS) is the central authority for compiling energy statistics, distributing statistical data and performing international reporting.

The 2022 annual energy statistics, including SHARES data, were submitted late to EUROSTAT and published, but the yearly biomass questionnaire was not provided. Preliminary 2023 mini questionnaires for energy supply were also delayed but sent to EUROSTAT. Household energy consumption data is reported per acquis requirements, while data for industry, transport, and services is still pending. The energy statistics quality report was last submitted to EUROSTAT in 2019.

BHAS submits monthly reports on electricity and coal to EUROSTAT, but despite plans to begin reporting monthly oil statistics in January 2023, such activity is still pending. Monthly data on natural gas and oil are still missing while the crude oil import registry is being submitted.

During the reporting period, the focus was on preparing and implementing the APED2024 survey on household energy consumption. Conducted in June 2024 across Bosnia and Herzegovina, this survey marked the first update in nine years, following its initial and only administration in 2015 with technical and financial assistance from the Energy Community. Activities on data processing of the APED2024 survey are underway.

Electricity and natural gas prices for industrial and household end-users, detailed by consumption band, tax level, and price components, including transmission and distribution costs, are compiled and submitted to EUROSTAT.

Enhancing cooperation across Bosnia and Herzegovina's institutions at all levels, while boosting data collection capacity in industry, transport, and services, and ensuring timely monthly oil and gas reports, will aid in meeting EUROSTAT standards. Expanding data management training can further improve submissions.



Methodology

Background

For its assessment underpinning the findings of this report, the Secretariat used specific indicators for the assessment of implementation, and a methodology to calculate the summary indicators and the overall implementation score.

The implementation indicator tables are based on a methodology quantifying the Contracting Parties' success in transposing and implementing the acquis and having in place effective institutions. It is based on standardised assumptions and evaluations, cases under the Energy Community's dispute settlement mechanism, country missions, review of legislation, market analysis, expert interviews and desk research. The quantification of all figures used to measure implementation was performed by experts of the Energy Community Secretariat.

The final dataset entailed more than 2.000 individual values that were used to produce 41 key implementation indicators across the areas of work assessed by this Implementation report. To underscore the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report for the first time groups the 41 indicators in five clusters:

1. Markets and integration,
2. Ensuring energy security,
3. Decarbonising the energy sector,
4. Improving the environment, and
5. Performance of authorities.

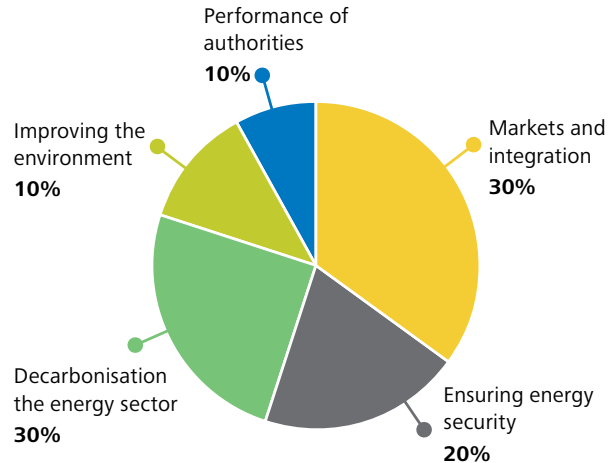
Implementation assessment

The implementation assessment is based on a system of performance indicators aggregated at several levels.

1. A total of 41 implementation indicators aggregated per each Contracting Party across the areas of work: electricity, gas, oil, governance and climate, renewable energy, energy efficiency, emission trading scheme, environment, climate, including national regulatory, competition, State aid and statistics authorities. Aggregation is based on the weighting explained in the table below, and results presented for each Contracting Party (chapters 5-13);

2. Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (19 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

Weighting per cluster



3. Summary indicators – the overall implementation score for each Contracting Party and overall (average) implementation score for the Energy Community calculated based on the weighting explained in the table below, and presented on page 9.

All of the values are normalised to percentages between 0% and 100%, where 100% implies full implementation.

For the Contracting Parties where certain indicators are not applicable (for example due to the lack of a gas market in Kosovo* and Montenegro), these indicators were not taken into account in the overall score, but the remaining indicators were increased in weight, where justifiable.

In 2024, the weighting per cluster was slightly adjusted to reflect the expanded scope of decarbonisation activities. This adjustment includes the addition of a new indicator, the 'emission trading scheme.' The weighting for the cluster related to the performance of the authorities was also slightly increased compared to 2023 assessment.

Implementation indicator structure and weighting

Indicator name	Indicator weight
Overall Implementation Indicator	1,00
1 Markets and integration	0,30
1.1 Electricity	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,10
Access to the system	0,20
Regional integration	0,30
1.2 Gas	0,50
Wholesale market	0,20
Retail market	0,20
Unbundling	0,25
Access to the system	0,25
Regional integration	0,10
2 Ensuring energy security	0,20
Electricity	0,04
Gas	0,04
Oil	0,02
3 Decarbonising the energy sector	0,30
3.1 Governance and climate	0,30
National Energy and Climate Plans (NECPs)	0,20
Greenhouse gas 2030 target	0,20
National systems for climate reporting	0,20
National greenhouse gas emissions policies and measures and adaptation planning and strategies	0,20
Long-term strategy and climate neutrality	0,20
3.2 Renewable Energy	0,30
2030 renewable energy targets	0,20
Quality of support schemes	0,20
Self-consumption and energy communities	0,15
Guarantees of origin	0,15
Sustainability criteria for biofuels, bioliquids and biomass fuels	0,15
Renewable energy in the heating and cooling sector	0,15
3.3 Energy Efficiency	0,30
2030 energy efficiency targets and policy measures	0,20
Energy efficiency in buildings	0,20
Energy efficiency scheme and financing	0,20
Energy efficient products - labelling	0,20
Efficiency in heating and cooling	0,20
3.4 Emission Trading Scheme (Monitoring, Reporting, Verification and Accreditation)	0,10
Foundations, institutions, permits	0,33
Monitoring and reporting	0,33
Verification and accreditation	0,33
4 Improving the environment	0,10
Environmental impact assessment (EIA) and strategic environmental assessment (SEA)	0,30
Sulphur in fuels	0,15
Large combustions plants and industrial emissions*	0,30
Nature protection	0,15
Environmental liability	0,10
5 Performance of authorities	0,10
Regulatory authority	0,60
Competition authority	0,10
State aid authority	0,10
Statistical authority	0,20

* in the case of Albania, the "Large combustions plants and industrial emissions" indicator is omitted from the final result as the Contracting Party does not have any plants in operation