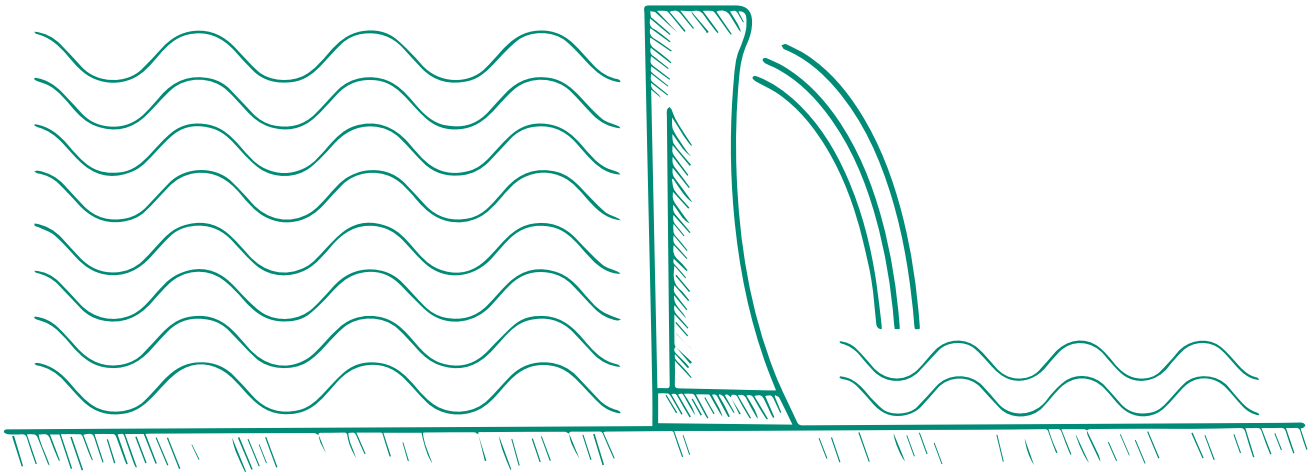
BOSNIA AND HERZEGOVINA

Annual Implementation Report



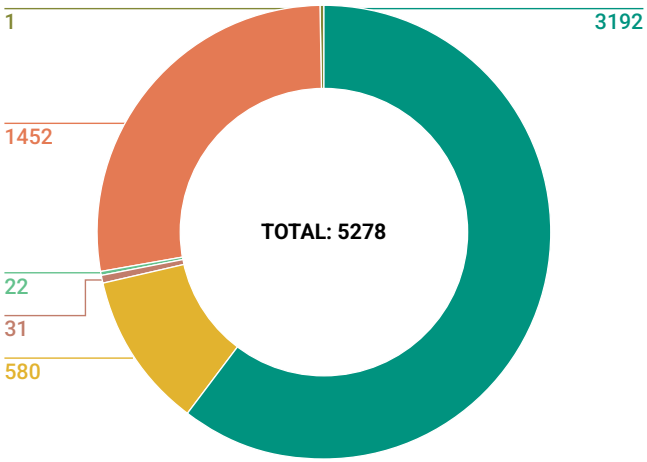
1 November 2025

Energy Community Secretariat

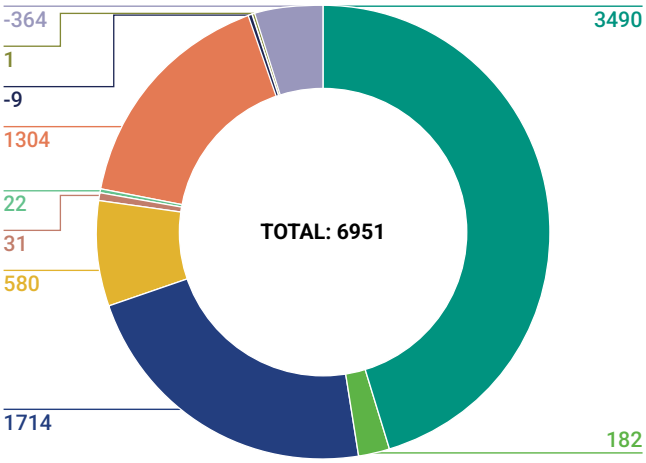
Implementation overview

CLUSTER	IMPLEMENTATION STATUS	RECOMMENDATIONS
Markets and integration	26%	Bosnia and Herzegovina (BiH) should urgently adopt the Law on Regulator, Transmission and Electricity Market, implement TSO certification and establish day-ahead and intraday markets for market coupling. It should also fully align its legislation with the EU natural gas acquis across its entire territory, ensure the implementation of network codes and advance market liberalisation.
Decarbonising the energy sector	27%	BiH should urgently finalise its NECP and notify the Secretariat, finalise transposition of the adapted Governance Regulation and fulfil reporting obligations. It should urgently transpose REDII sustainability and GHG criteria for biofuels, bioliquids and biomass fuels, urgently accelerate MRVA transposition and establish an adequate national institutional structure for issuing and approving GHG permits and monitoring plans. Further, it should adopt a long-term building renovation strategy, establish an energy efficiency obligation scheme and complete heating and cooling assessments.
Ensuring energy security	9%	BiH should adopt the Law on Regulator, Transmission and Electricity Market, develop secondary legislation fully transposing Regulations (EU) 2019/941 and 2017/2196, and transpose and implement Regulations (EU) 2017/1938 and 1032/2022 on gas security and storage. The entities should develop respective Emergency and Preventive Plans, and BiH should regularly submit Security of Supply Statements to the Secretariat.
Improving the environment	31%	Persistent deficiencies in the EIA process regarding extension of the validity of development consent for approved projects must be resolved. The SEA of the NECP must be concluded promptly. Compliance with the NERP ceilings and opt-out rules must be ensured.
Performance of authorities	51%	BiH is urged to transpose the Energy Community acquis, including the EIP and state aid and competition rules. SERC should be empowered to adopt regulatory rules for market integration, including in natural gas. The CC should investigate anti-competitive behaviour. SERC, SAC and BHAS need additional resources to fulfil their functions.

2023 Fuel mix in primary production of energy (in ktoe)



2023 Gross available energy per product (in ktoe)



Source: Eurostat database

Solid fossil fuels | Natural gas | Oil and petroleum products | Hydro | Solar thermal | Solar photovoltaic | Primary solid biofuels | Charcoal | Wind | Pure biodiesels | Electricity | Biogases | Geothermal | Industrial waste | Non-renewable waste | Renewable municipal waste | Non-renew. mun. waste

OVERALL NUMBER OF CASES 13

Procedures under Article 91 EnCT

- ECS-5/17 **electricity**
- ECS-9/21 **environment**
- ECS-6/24 **electricity**
- ECS- 24/24 **renewable energy**
- ECS-1/14 **energy efficiency**
- ECS-1/22 **environment**
- ECS-14/24 **oil**
- ECS-3/18 **infrastructure**
- ECS-10/23 **environment**
- ECS-19/24 **gas**

Procedures under Article 92 EnCT

- ECS-8/11 S **gas**
- ECS-2/13 S **environment**
- ECS-6/16 S **third energy package**

Markets and integration
Bosnia and Herzegovina

ELECTRICITY 37%

Wholesale market 33%

Bosnia and Herzegovina, in consultation with the Energy Community Secretariat, prepared a draft Law on the Regulator, Transmission and Electricity Market. The draft law aims to transpose the Electricity Integration Package (EIP) and establish the necessary preconditions for its implementation–most notably certification of the transmission system operator (TSO), Elektroprijenos BIH, and the delegated operator Independent System Operator in Bosnia and Herzegovina (NOS BIH) and their participation in regional cooperation. The draft law also provides for the creation of a national power exchange and the coupling of its day-ahead and intraday markets with the single European electricity market. Pending its adoption–and given that the Third Energy Package has neither been transposed nor implemented–the electricity market continues to operate under a non-compliant legal framework. This has prevented progress in establishing organised day-ahead and intraday markets and in designating a nominated electricity market operator (NEMO), despite the deadline for this obligation having expired on 15 June 2023. Following approval by the Council of Ministers in July 2025, the draft law is now proceeding under the regular parliamentary procedure, after failing to be adopted under the urgent procedure during its initial consideration in Parliament.

The wholesale market remains largely based on bilateral trading. It is still primarily dominated by the three state-owned incumbent utilities—Elektroprivreda Hrvatske zajednice Herceg-Bosne (EPHZHB), Elektroprivreda Bosne i Hercegovine (EPBIH) and Elektroprivreda Republike Srpske (ERS)—although the share of private electricity traders steadily expanded in 2024 compared to the previous year.

Transmission and distribution losses are procured in a non-compliant manner. When NOS BIH is unable to procure electricity for transmission losses through public auctions, all suppliers withdrawing electricity from the transmission system are required to cover losses in proportion to their offtake, at a regulated price set by the State Energy Regulatory Commission (SERC). The regulated price is the weighted average of accepted bids from the previous year. This mechanism was applied in 2025, when no offers were submitted for the first five months, prompting the use of the regulated procurement procedure. Distribution losses are not procured through market mechanisms. Due to the lack of unbundling, they are covered directly by generation units within vertically integrated undertakings.

A competitive balancing energy and ancillary services market operates in Bosnia and Herzegovina, with price caps for both capacity and energy, regulated by SERC. Balancing capacity is procured through annual and monthly auctions, while balancing energy prices are determined day-ahead based on hourly offers. For 2025, the required balancing capacities were contracted mainly through the annual tender, with residual volumes of off-peak aFRR capacity and mFRR downward to be procured via monthly auctions. A reform of the balancing market is required to bring it into compliance with the EIP requirements.

The REMIT Regulation applicable to the Energy Community Contracting Parties has been fully transposed and implemented. The register of wholesale market participants, established by SERC, is regularly maintained and updated. By the end of 2024, it included 29 registered participants. To date, no investigations have been launched concerning potential breaches of REMIT provisions.

Retail market 40%

All consumers in Bosnia and Herzegovina have the right to choose their electricity supplier. Directive (EU) 2019/944 has not yet been transposed or implemented. Therefore, households and small consumers (connected at the 0,4 kV level) continue to be supplied under universal service at regulated prices, although, under the Directive, price regulation after 1 January 2024 should apply to households and microenterprises only. In the Federation of Bosnia and Herzegovina (FBiH), tariffs are set by the Regulatory Commission for Energy in FBiH (FERC), which has designated two utilities as universal service suppliers. In Republika Srpska and the Brčko District, the Regulatory Commission for Energy of the Republic of Srpska (RERS) and SERC perform the same role, respectively.

For 2025, the FBiH government did not renew the 20% annual cap on price increases for commercial customers in the liberalised market, a measure that had been in place since December 2021.

In practice, retail supply remains dominated by the three incumbent utilities, with virtually no competition. In 2024, consumer

switching accounted for just 0,15% of final consumption. During the same year, 60% of consumption was supplied at regulated prices and 40% was supplied at market-based prices.

Market rules provide for non-discriminatory access for distribution-connected power plants, including virtual power plants (aggregators). By October 2025, six such entities were operating with a combined capacity of 396,7 MW. While the concepts of active consumers and citizen energy communities under Directive (EU) 2019/944 have not yet been fully transposed, SERC estimates that prosumers supplied around 40 GWh of electricity to the grid in 2024.



ENERGY POVERTY

Bosnia and Herzegovina has not yet defined energy poverty in its legislation. The concept of a vulnerable customer is defined in all the entities. In Republika Srpska, the status of an energy-protected consumer is established by law, but the specific criteria still need to be established through secondary legislation. In Brčko District, these criteria have already been defined. Bosnia and Herzegovina does not have a state-level target for reducing energy poverty.

The reach, design and financing of support programmes differ across the entities. Currently two short-term measures are in place to provide direct financial support to the most vulnerable households. In the FBiH electricity costs are reduced for vulnerable households, including pensioners and beneficiaries of permanent financial assistance consuming a limited amount of electricity each month. At the local level, residents of Sarajevo Canton who meet certain income and social vulnerability criteria can apply for subsidies for electricity, natural gas and district heating costs.

The national statistics authority does not currently collect data on energy poverty and the country does not participate in the relevant Eurostat surveys (SILC and HBS).

Unbundling

20%

A legal framework for unbundling and certification of the TSO is still lacking. The draft Law on the Regulator, Transmission and Electricity Market establishes the legal basis for unbundling and certifying the TSO and the delegated operator. Commission Regulation (EU) 2017/1485 has not been fully transposed into national legislation. NOS BIH is a member of ENTSO-E and a signatory of the Synchronous Area Framework Agreement for the Regional Group Continental Europe. Elektroprijenos BIH and NOS BIH are obliged to prepare and publish a Ten-Year Network Development Plan (TYNDP) on an annual basis. However, the latest TYNDP for the period 2021–2030 was approved by SERC on 18 May 2021, and no subsequent TYNDP has been submitted for approval.

The process of unbundling the three incumbent power utilities–EPBIH, EPHZHB and ERS–remains incomplete. In the FBiH, dynamic action plans were adopted in August 2023 to guide the unbundling of distribution system operators (DSOs) within a two-year period, as required by the Electricity Law. However, no progress was made during the reporting period. The working group has identified the need for additional legal changes to provide a proper basis for completing the unbundling process and is currently drafting the necessary amendments. Legal and accounting unbundling was completed for the five distribution companies owned by ERS in 2021, but functional unbundling has not yet advanced. Moreover, the current responsibilities of DSOs remain misaligned with the requirements of Directive (EU) 2019/944.

Access to the system

85%

SERC's latest tariff decision for the independent system operator was adopted in December 2024, while new distribution tariffs for Brčko District entered into force on 1 March 2025. The transmission network tariff has remained unchanged since 2017. Under the tariff methodology, congestion income is deducted from the tariff calculation. As revenues from cross-border capacity auctions surged, the additional income has covered a significant share of transmission costs, effectively eliminating the need to revise the tariff.

SERC Decision No. 42/18, issued in June 2018, transposed connection codes at the national level. The transmission grid code, updated in April 2025, largely incorporates these connection codes, whereas the distribution grid codes are not yet fully aligned with them.

The Transparency Regulation has been transposed and largely implemented, although the publication of balancing data still requires further improvement.

Regional integration

12%

The draft Law on the Regulator, Transmission and Electricity Market aims to largely transpose Regulation (EU) 2019/943 and establish the legal basis for the transposition of the network codes and guidelines under the EIP. Commission Regulations (EU) 2016/1719 and 2017/2195 are only partially reflected in the current market rules. By the end of 2024, NOS BIH was required to make 70% of cross-zonal transmission capacity available for trade, yet no steps have been taken to comply with this obligation. Capacity allocation is organised through the regional auction office, SEE CAO, for annual, monthly and daily products with Croatia and Montenegro, whereas intraday allocation and capacity allocation on the Serbian border continue to be managed bilaterally between the respective TSOs. Within the load-frequency control block with Croatia and Slovenia, NOS BiH participates in cross-border balancing, while bilateral exchanges of balancing energy are conducted with the TSOs of Montenegro and Serbia.

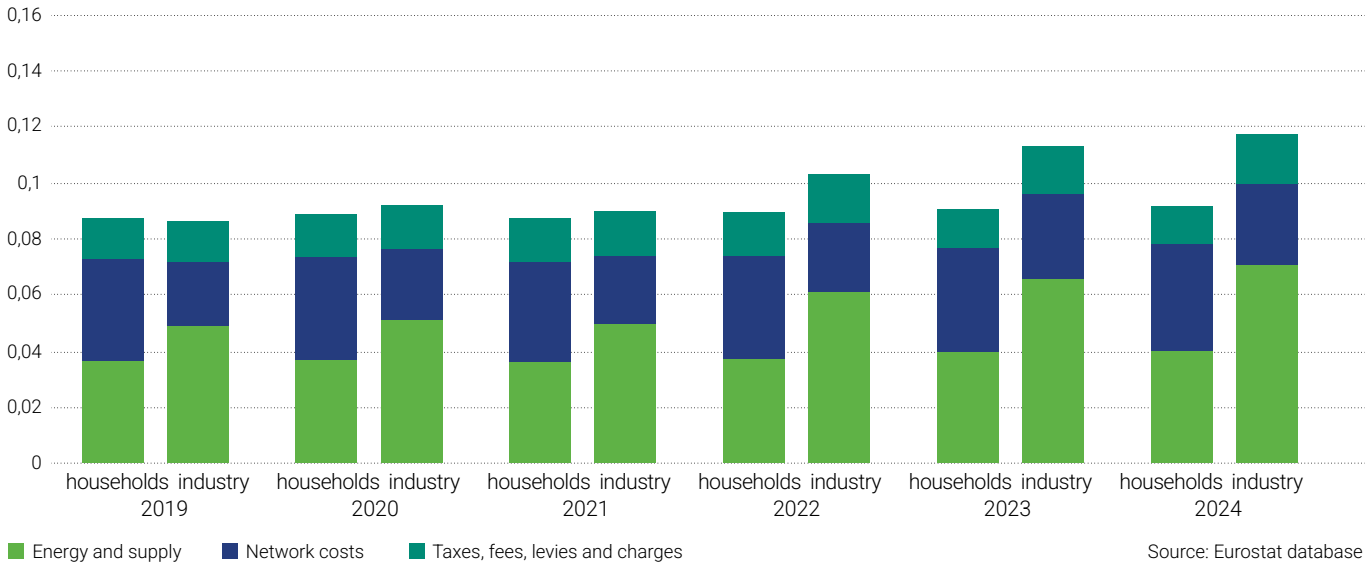
The timeline for transposing the revised TEN-E Regulation (EU) 2022/869 into the national legislation of Bosnia and Herzegovina remains unclear, although the draft Law on the Regulator, Transmission and Electricity Market recognises the basic terms of the TEN-E Regulation (PECI, PMI). Bosnia and Herzegovina is currently involved in two Projects of Energy Community Interest (PECI):

1) increasing the capacity of the existing 220 kV interconnection between Bosnia and Herzegovina and Montenegro, 220 kV OHL Trebinje–Perućica, and,

2) the Trans-Balkan Electricity Corridor: Double OHL 400 kV Bajina Basta–Visegrad /Pljevlja, (BA and ME sections).

Preparatory activities for the first project are ongoing with support from the European Bank for Reconstruction and Development (EBRD), while Bosnia and Herzegovina has not yet applied for financial support for the second project, although this option remains under consideration.

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



Source: Eurostat database

GAS

14%

Wholesale market

10%

Bosnia and Herzegovina has a foreclosed gas market, organised as two parallel entity-level gas markets, with two dominant wholesale suppliers, Energoinvest and Gas-RES, in the respective entities.

The Federation of Bosnia and Herzegovina (FBiH) consumes 80% of the total gas demand in the state (primarily for household consumption), while Republika Srpska accounts for 20% (of which 90% is consumed by industry).

In Republika Srpska, wholesale market prices are not regulated, while in the FBiH, wholesale prices are set by the entity government. All transactions are based on bilateral contracts. A virtual trading point for Republika Srpska was established in 2023, which could provide traders with greater flexibility and potentially create the conditions for balancing, though this has not yet materialised. By contrast, no such trading point exists in the FBiH. The REMIT Regulation, which has been well transposed for electricity by SERC, has not been transposed for the gas markets.

Retail market

13%

In Republika Srpska, all retail customers are supplied at non-regulated prices and switching rules are in place. A public supplier for households has not been appointed. The dominant supplier, the public company GAS RES, serves approximately 85% of the retail market in Republika Srpska. Customers in the FBiH remain captive and are supplied at regulated prices by a number of retail suppliers. At the same time, DSOs for given areas–most notably Sarajevogas, which supplies the capital–cover the majority of the retail market.

Unbundling

16%

Of the three companies involved in gas transmission, only Gaspromet Pale in Republika Srpska is compliant with the EU's Third Energy Package, having been certified under the ownership unbundling model by the entity's regulator. Bosnia and Herzegovina lacks a state-level legal framework and regulatory authority for the gas sector. In 2023, the Republika Srpska government mandated Gaspromet Pale to become the sole TSO in the entity, taking over operations from Sarajevogas Istocno Sarajevo, which currently manages transmission, distribution and supply. However, this decision has still not been implemented after more than two years.

In the FBiH, one company, BH Gas, operates the transmission system exclusively, in accordance with the Decree on Gas Sector Organisation and Regulation, but it is not certified due to the lack of a legal framework for unbundling, as required by the Third Energy Package. Gas distribution remains bundled with supply and trade in both entities under the de minimis clause of the Gas Directive. The country has no gas storage or LNG infrastructure.

Access to the system

8%

System access across the entire territory of Bosnia and Herzegovina remains unaligned with the Third Energy Package requirements in both entities. Only the network segment operated by Gaspromet Pale offers regulated third-party access, with tariffs set by the Republika Srpska entity regulator, though these are not compliant with the tariff network code. Sarajevogas Istocno Sarajevo sets its transmission and distribution tariffs independently, without adhering to the entity's prescribed procedures. In the FBiH, access is based on negotiated agreements, while the government sets transmission and distribution tariffs as components of the final retail gas price. Capacity booking and allocation, congestion management and balancing, and TSO transparency remain at a basic technical level, well below the standards required for compliance with the mandatory network codes.

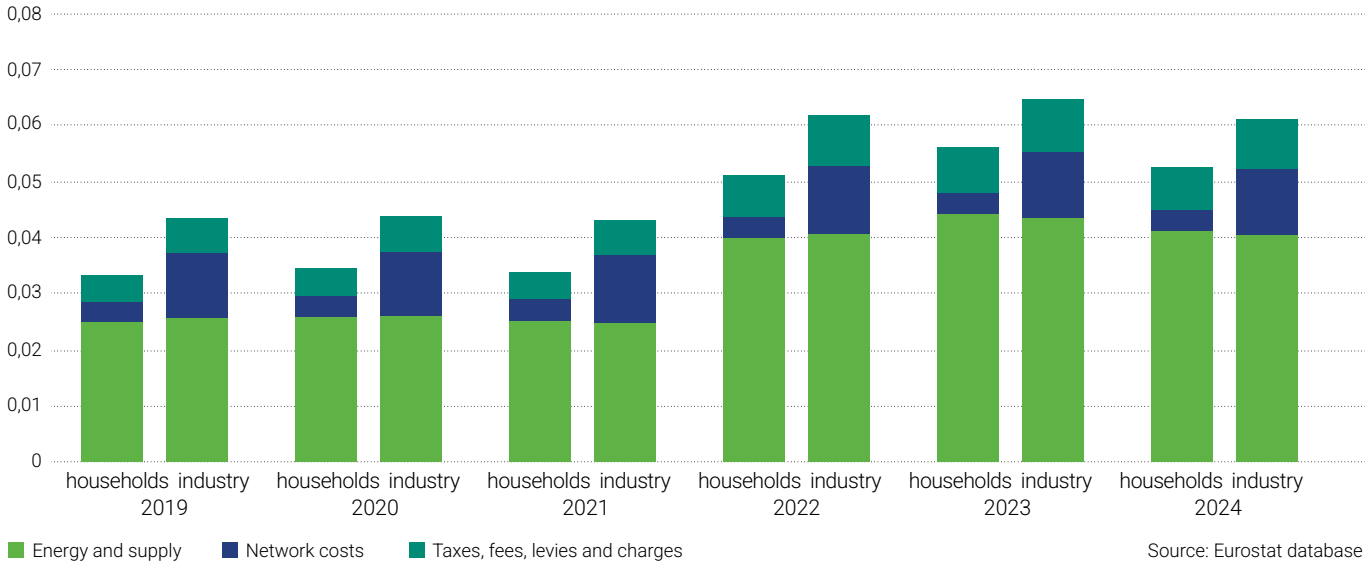
Regional integration

35%

An interconnection agreement was signed between the adjacent operators for the single interconnection point between Serbia and Bosnia and Herzegovina, in compliance with the network code on interoperability and data exchange.

The deadline for transposing the revised TEN-E Regulation (EU) 2022/869 expired on 31 December 2024 and there is no clear plan for its integration into national legislation. Bosnia and Herzegovina has developed proposals for gas interconnectors with Croatia. A plan for an interconnector with Croatia, called the "Southern interconnection", running exclusively through the territory of one entity, the FBiH, has been renewed. The project enjoys support from the United States, and the legal framework enabling construction of the pipeline has been established through a special law approved by the entity institutions.

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



Source: Eurostat database

Decarbonising the energy sector
Bosnia and Herzegovina

ENERGY AND CLIMATE GOVERNANCE

14%

National Energy and Climate Plan (NECP) and Integrated Progress Report (IPR)

3%

Bosnia and Herzegovina failed to notify the Secretariat of its final National Energy and Climate Plan (NECP), despite its obligation under Article 3 of Governance Regulation.

Within the framework of biennial integrated progress reports, the authorities of Bosnia and Herzegovina did not submit information for any of the 17 reporting streams in 2025.

2030 Greenhouse Gas Reduction Target

0%

Bosnia and Herzegovina has not defined the 2030 climate target (15,65 $MtCO_2eq$) in its national legislation and the NECP remains to be finalised. The 2030 climate target should also be reflected in all key national planning documents such as long-term strategies and Nationally Determined Contributions.

2030 GHG Target*
-41,2%

National Systems for Greenhouse Gas Emissions and Climate Reporting

12%

There is no legal basis for a national greenhouse gas (GHG) inventory system or for a national system for policies and measures (PaMs) and projections. Bosnia and Herzegovina still needs to initiate reporting on the national system for PaMs and projections.

Climate reporting obligations have not been transposed into legislation. Bosnia and Herzegovina has nominated lead reporters for reporting activities under the Governance Regulation, but it has not submitted a report via Reportnet on any of the dataflows. Consequently, progress is still needed in the transposition and implementation of climate-related obligations.

Long-term Strategy (LTS) and Climate Neutrality

41%

The legal basis for a long-term strategy has not been adopted. Nonetheless, Bosnia and Herzegovina adopted and submitted a long-term strategy to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat in July 2023. The strategy, however, does not include a 2050 climate neutrality objective. Instead, it only sets the target of a net reduction in GHG emissions of 80% compared to 1990.

*All targets presented in this Decarbonisation chapter are aligned with the Ministerial Council Decision 2022/02/MC-EnC of the Energy Community

RENEWABLE ENERGY IMPLEMENTATION 31%

2030 Renewable energy targets 0%

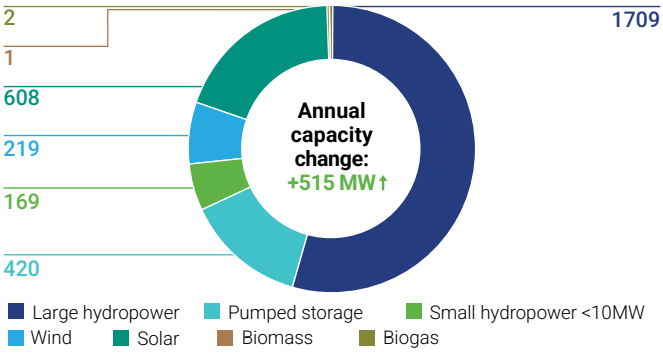
The overall and sectoral targets have not been established in the relevant laws and the final NECP has not been adopted. The draft NECP sets a 2030 target of 43,6% share of renewable energy in gross final energy consumption, aligned with the 2030 target set by the Energy Community. It includes sectoral targets of 70,1% for electricity, 8,4% for transport and 60,8% for heating and cooling. While the transport target (7% by 2030) complies with Article 26 of Renewable Energy Directive (REDII), the heating and cooling target does not meet the requirements under Article 23.

2030 RES Target
43,6%

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 (FBiH) passed renewable energy laws, introducing market-based support schemes in compliance with the REDII requirements. Both entities, have adopted rulebooks on auctions; however, the implementation of auctions is still lacking in both. None of the cooperation mechanisms (statistical transfer, joint projects and joint support schemes) have been implemented.

Total Capacities of Renewable Energy 2024 (MW)



Total capacities of renewable energy (MW): 3127

Source: Ministry of Foreign Trade and Economic Relations

Self-consumption and energy communities 75%

Republika Srpska, Brčko District and the FBiH have incorporated provisions for self-consumption and energy communities in their renewable energy laws and rulebooks, enabling the implementation of a self-consumption scheme and renewable energy communities. The next step is to 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 (GO). Electronic registries for GO 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 FBiH, 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 operator for renewables in the FBiH has still not operationalised its registry. The existing legal framework governs the issuance of guarantees of origin solely for renewable electricity and does not encompass other energy carriers as specified in REDII.

Sustainability criteria for biofuels, bioliquids and biomass fuels 0%

Provisions on sustainability and GHG emission savings criteria for biofuels, bioliquids and biomass fuels have not yet been transposed into national or entity-level legislation. Consequently, the legal framework remains non-compliant with REDII. Timely action is essential to ensure alignment with EU requirements and to achieve Bosnia and Herzegovina's 2030 renewable energy source targets for the transport sector.

Renewable energy in heating and cooling 45%

The renewable energy laws in both entities and Brčko District create a legal basis for establishing measures to streamline renewable energy in heating and cooling. However, 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. Implementation of complementary policy measures remains necessary to support renewable heating technologies and ensure the recommended annual increase in the share of renewables in the sector.

ENERGY EFFICIENCY IMPLEMENTATION 45%

2030 Energy efficiency targets and policy measures 36%

The targets have not been established in the relevant laws and the final NECP has not been notified. The draft NECP remains in partial alignment with the 2030 targets set by the Energy Community, but it lacks sufficient ambition, particularly regarding the primary energy consumption target.

While the draft NECP includes references to Articles 5 and 7 of 2012 Energy Efficiency Directive (EED), further alignment with the updated targets–namely the 3% annual renovation rate and the 0,8% annual energy savings obligation–is still required.

Energy efficiency policies and measures remain insufficiently detailed and their progress is not adequately measurable. Clearer articulation of how the energy efficiency first principle has been considered is also needed to ensure a meaningful contribution towards the 2030 targets.

2030 EE PEC Target
6,50 Mtoe

2030 EE FEC Target
4,34 Mtoe

Energy efficiency in buildings 67%

In 2023, the buildings sector accounted for the largest share of final energy consumption in Bosnia and Herzegovina, representing 52%. Within this sector, residential buildings alone contributed 43%.

Progress in implementing the necessary legislative adjustments and comprehensive building renovation strategies remained limited during the reporting period. Although the FBiH parliament adopted its Long-Term Building Renovation Strategy in February 2025, an integrated strategy covering all governance levels (Republika Srpska, state-level administrative bodies and Brčko District) has yet to be adopted. This process should be carried out in parallel with finalisation and adoption of the NECP.

Training programmes for energy auditors and building certification experts are well established and regularly conducted. However, no progress has been made in adopting new legislation or rulebooks required to implement the 2018 amendments to the Energy Performance of Buildings Directive.

Energy efficiency scheme and financing

49%

Bosnia and Herzegovina has drafted provisions to implement Article 7 of EED. However, no related measures have been implemented to date. The existing legal framework and NECP measures require further enhancement to reflect the increased ambition introduced by the 2018 EED amendments and Annex III of the Governance Regulation. In parallel with establishing criteria for identifying households affected by energy poverty, the adoption of an energy efficiency obligation scheme should be used to finance targeted measures for these vulnerable groups.

Regarding the financing framework, each entity has an energy efficiency and environmental fund responsible for financing of energy efficiency measures and monitoring implementation progress and reporting achieved energy savings. The energy efficiency laws in both entities and Brčko District recognise the role of energy service companies (ESCOs) and energy performance contracting. However, implementation remains constrained by the absence of supporting secondary legislation and a standardised ESCO contract model.

Energy efficiency products - labeling

42%

Bosnia and Herzegovina made limited progress in the area of energy labelling and ecodesign. Rulebooks transposing the relevant delegated regulations, drafted during the previous reporting period, were only partly adopted at the entity level. While the FBiH adopted a rulebook on energy-efficient product labelling in August 2023, the update of existing regulations in Republika Srpska remains pending and has not yet been adopted.

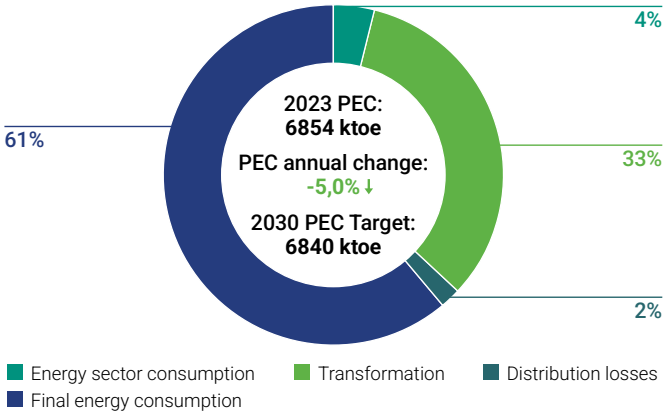
Efficiency in heating and cooling

32%

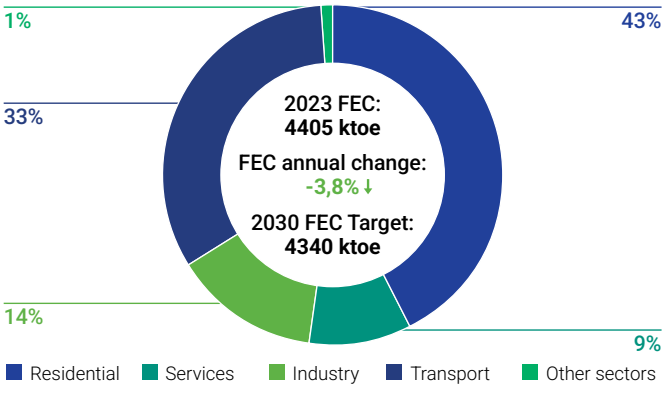
There has been no progress in further aligning national legislation with obligations under the EED or in adopting measures to improve efficiency in the heating and cooling sector. The roll-out of consumption-based billing continues to face challenges, as its implementation remains at the discretion of local authorities. In the absence of an institutional monitoring system, data on the progress of consumption-based billing are lacking. Moreover, a comprehensive assessment of the national potential for efficient heating and cooling and high-efficiency cogeneration is still pending.

2023 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity, 2023 value and trends: 0,39 ktoe/mil EUR, - 6,8% ↓

Source: Eurostat database, 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. Consequently, it has not established the foundations and institutional framework for the monitoring, reporting, verification and accreditation (MRVA) of GHG emissions at the installation level. A draft roadmap containing basic concepts and processes related to the functioning of the MRVA system has been prepared, but has not yet been approved. The implementation of the monitoring, reporting, verification, and accreditation system will require the creation of appropriate national institutional structures, the development of adequate expert resources within them, and the establishment of procedures and electronic templates.

Monitoring and reporting

0%

Bosnia and Herzegovina has not transposed the Monitoring and Reporting Regulation into national law. Mechanisms for the approval of permits containing monitoring plans and the submission of annual emission reports have not yet been implemented. The implementation of the monitoring and reporting mechanism, in addition to the transposition of the necessary legislation, will require the creation of the necessary processes, e.g., setting the deadline for submitting applications for GHG permits, forms and templates related to the emission monitoring plan, and the creation of appropriate enforcement measures to ensure the fulfillment of obligations by the regulated entities.

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. Consequently, the accreditation framework has not been established to enable accreditation for GHG verifiers. Full implementation will require building up the necessary human resources at the National Accreditation Body, creating the necessary internal procedures and processes for accreditation, and developing the necessary national electronic forms, such as the annual emissions report and verification report.

Ensuring energy security
Bosnia and Herzegovina

ELECTRICITY SECURITY OF SUPPLY

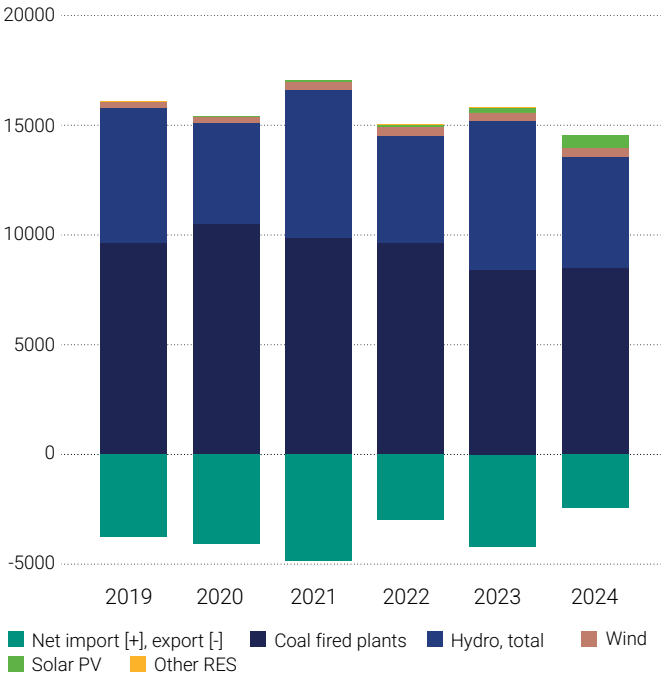
22%

Regulation (EU) 2019/941 has not yet been transposed into Bosnia and Herzegovina's legal framework. A new draft Law on the Regulator, Transmission and Electricity Market, which entered the parliamentary procedure in September 2025, addresses key aspects of the Risk Preparedness Regulation. The draft law designates SERC as the competent authority for matters concerning risk preparedness. The law provides that SERC must develop secondary legislation on risk preparedness within three months of its adoption, while NOS BiH is required to prepare a risk-preparedness plan.

Several regulatory acts adopted by SERC and NOS BiH have partially transposed Regulation (EU) 2017/2196, but full transposition is still pending. Additionally, SERC has approved rules governing the suspension and restoration of market activities. However, the Power System Defence Plan, initially adopted in 2013, has yet to be updated to align with the requirements under Regulation (EU) 2017/2196.

Despite its obligations under Article 29 of the Energy Community Treaty, Bosnia and Herzegovina has not submitted Security of Electricity Supply Statements to the Energy Community Secretariat since 2013. The country is also lagging behind in cybersecurity due to the absence of a national cybersecurity strategy and the lack of a computer emergency response team (CERT). Nevertheless, there is a strong push to establish a robust cybersecurity legal framework and to align existing legislation with EU standards. The preparation of a national Law on the Protection of Critical Infrastructure has recently been initiated.

Fuel mix and primary supply of electricity (in GWh)



Source: Ministry of Foreign Trade and Economic Relations, compiled by the Energy Community Secretariat

GAS SECURITY OF SUPPLY

0%

An infringement case has been opened against Bosnia and Herzegovina for failing to transpose Regulation (EU) 2017/1938 and Regulation (EU) 2022/1032.

The current legislation at the entity level includes only a few rudimentary provisions related to security of gas supply.

OIL SECURITY OF SUPPLY

0%

Bosnia and Herzegovina lacks state-level legislation on compulsory oil and petroleum product stocks, including national policy to comply with Directive 2009/119/EC. Although both entities have adopted laws, they remain non-compliant with the Directive. A state-level emergency stockholding model that aligns with Directive 2009/119/EC and is tailored to the country's specific circumstances still needs to be established.

Despite substantial efforts to develop a workable emergency oil stockholding system for both entities and the Brčko District, the legal framework remains inconsistent with the oil acquis. While the monthly COIR questionnaire is submitted, no national-level monthly oil data collection is carried out. In 2024, the Secretariat issued a Reasoned Request to the Ministerial Council concerning Bosnia and Herzegovina's failure to transpose the Oil Stocks Directive.

Improving the environment
Bosnia and Herzegovina

Environmental assessments

33%

The incorrect transposition of Article 8a of Environmental Impact Assessment (EIA) Directive, concerning the extension of development consent for approved projects, remains an issue in Bosnia and Herzegovina. During the reporting period, the Federation of Bosnia and Herzegovina (FBiH) initiated a procedure to amend the Law on Environment, providing an opportunity to revise and align the legislation with EIA requirements. Nevertheless, the EIA criteria adopted by the FBiH in 2023—which establish a 10 MW threshold for energy projects and a four-unit limit for wind power projects—remain unchanged and non-compliant with the EIA Directive, as they do not ensure that environmental impacts are assessed according to the specific nature and location of each project. The EIA is not streamlined or integrated with other related assessments, including biodiversity or appropriate assessments and water impact assessments. While the EIA forms part of the development consent process, it remains fragmented, limiting effective coordination and the proper incorporation of the reasoned conclusions and environmental conditions into final decisions. In Bosnia and Herzegovina, no exemptions under Article 2(4) or Article 2(5) of EIA Directive were granted during the reporting period. As no procedure for Projects of Energy Community Interest was implemented, Bosnia and Herzegovina did not engage with or provide information to the Secretariat under Article 4 of Decision 2016/12/MC-EnC.

PERMIT STATUS:

Streamlined assessments pending

During the reporting period, Bosnia and Herzegovina granted development consent for coal exploitation on deposits covering nearly 200 hectares, as well as for the 350 MW thermal power plant "Gacko II". In addition, EIA procedures were completed for 45 MW of new hydropower capacity and 180 MW of wind power capacity, while wind projects amounting to a further 60 MW are still under approval. With regard to cross-border impacts, the Secretariat facilitated dialogue between Montenegro and Bosnia and Herzegovina on the transboundary effects of the Buk Bijela hydropower project, leading to the initiation of a new cross-border EIA in accordance with the agreed roadmap.

The implementation of Strategic Environmental Assessment (SEA) procedures for national-level plans and programs remains deficient. The SEA for the National Energy and Climate Plan (NECP) has faced significant delays, putting its adoption in conflict with the requirements of the SEA Directive. Public consultations, including transboundary consultations, have not been carried out, demonstrating the persistent failure to coordinate an effective and compliant SEA process.

Large combustion plants

33%

Bosnia and Herzegovina complied with its emission reporting obligations for the 2024 reporting year. Absolute emissions of nitrogen oxides remained at the same level as in the previous year, while dust emissions decreased by approximately 10%. However, emissions of sulphur dioxide increased significantly (by 17% compared to 2023), approaching the all-time high recorded in 2020. The significant breach of the NERP ceilings for all three pollutants, addressed in a Ministerial Council decision in 2023, persists and is intensifying. Two of the three plants that were subject to the opt-out mechanism before 2024 are still in operation and are non-compliant with the standards of the Industrial Emissions Directive.

Installations under the Large Combustion Plants Directive

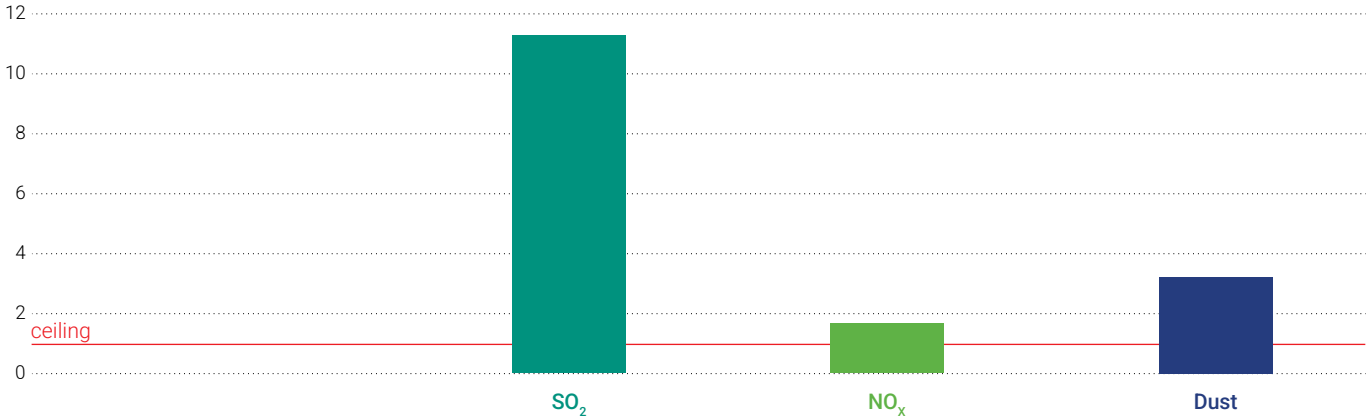
13
of plants falling under the LCPD

3
of which opted out plants

10
of which plants falling under the NERP

Source: compiled by the Energy Community Secretariat

2024 emissions versus NERP ceilings



	SO_2	NO_x	Dust
2024 emissions by all plants under the LCPD	231.897	16.741	4.527
Annual change	+12,9% ↑	+4,6% ↑	-9,1% ↓
2024 emissions by plants under the NERP	212.905	11.666	4.161
Annual change	+17,1% ↑	-1,0% ↓	-10,8% ↓

Source: compiled by the Energy Community Secretariat

Sulphur in fuels

20%

There were no changes in reporting. With the concerns of the Secretariat not being addressed, the breach identified in the corresponding dispute settlement case remains unresolved.

Nature protection

40%

The FBiH adopted amendments to the Law on Nature Protection, streamlining the procedures for local and cantonal authorities to designate protected areas and paving the way for more effective implementation of nature conservation measures. These amendments achieve partial transposition of the key EU nature protection acquis, including the Wild Birds Directive and the Habitats Directive. In Republika Srpska, activities related to the inventory of bird species are currently underway, which will support further transposition of the annexes of the Birds Directive and the adoption of related by-laws in the coming period. However, delays in adopting management plans and establishing competent management bodies for protected areas persist, creating significant gaps in conservation governance. Challenges related to the development of hydropower projects and their potential impacts on candidate Emerald sites and Ramsar wetlands of international importance remain unresolved, particularly for projects along the upper Neretva and upper Drina rivers. While the renewal of the environmental permit for the Neretva hydropower cascade has been suspended, construction and operation of the Ulog HPP have been completed. The issue of hydropower development in protected areas is escalating, with no clear resolution in sight. The Secretariat has offered to facilitate discussions in cooperation with the Bern Convention, aiming to identify solutions that ensure the protection of these internationally important sites.

Environmental liability

20%

In the FBiH, certain provisions of the Environmental Liability Directive on the prevention and elimination of environmental damage have been transposed by the Law on Environmental Protection. However, no financial mechanisms have been established to ensure the implementation of these provisions. In Republika Srpska, the Directive has not been transposed, liability schemes are not in place and no further steps were taken during the reporting period. The Ministerial Council adopted a decision establishing this breach at its 2023 meeting.

Performance of authorities
Bosnia and Herzegovina

REGULATORY AUTHORITY

43%

Legal setup and independence

The State Electricity Regulatory Commission (SERC) is designated as an independent institution in Bosnia and Hercegovina in the Law on Electricity Transmission, Regulator and System Operator adopted in 2002. The draft law transposing the EIP and assigning the SERC the necessary roles is currently under consideration by the Parliamentary Assembly.

SERC is not subordinated to any other institution and is accountable to the Parliamentary Assembly and the Ministry of Foreign Trade and Economic Relations, to which it submits its annual reports. All decisions rendered by SERC are final. SERC decisions require the unanimous vote of all commissioners; if unanimity is not reached, the dispute must proceed to a mandatory, binding international arbitration process.

SERC is composed of three commissioners; two from the Federation of Bosnia and Herzegovina (FBiH) and one from Republika Srpska. Commissioners are nominated by the respective entity parliaments and appointed by the Parliamentary Assembly for a five-year mandate. The position of chair rotates annually on an equal basis between the three commissioners.

SERC's duties and powers are limited to regulating transmission of electricity, transmission system operation, international trade in electricity and monitoring the wholesale market. SERC also has jurisdiction over and responsibility for generation, distribution and supply of electricity for customers in Brčko District. Due to the lack of transposition of the acquis into the laws, SERC currently lacks the necessary competencies to implement the EIP.

SERC operates as a non-profit institution and is funded by a regulatory fee paid by licence holders, which are entitled to recover these fees in the tariffs approved by SERC. SERC is mandated to develop budget for the following year by 1 December every year, which must be submitted to the Parliamentary Assembly for information purposes and published. SERC has the authority to decide on its budget and adopted its financial plan for 2026 on 10 September 2025. SERC possesses substantial enforcement powers, including the authority to enforce compliance with licences, ensure adherence to quality standards and resolve disputes. SERC can modify, suspend or revoke licences. SERC has autonomy over its internal organisational structure, staffing levels and remuneration.

Activities in the reporting period

During the reporting period, SERC finalised and implemented several key tariff decisions: tariffs for ISO services and ancillary services, tariffs for distribution and universal supply in Brčko District and the updated tariff pricing methodology for electricity transmission, independent system operator and ancillary services.

Between May and October 2025, SERC updated the connection rule and approved several documents, including the new grid code, the new market rules and the new procedures for ancillary services of ISO BIH. SERC also approved the investment plan of Elektroprenos BIH for 2025 in March and the indicative generation development plan for the period 2026–2035 in June 2025.

Throughout 2025, SERC issued new and temporary licences for international trade in electricity and processed several applications for preliminary permits for the construction of PV power facilities exceeding 1 MW in Brčko District, required for the expansion of renewables capacity.

Regarding REMIT, secondary legislation is in place, but no cases were initiated during the reporting period.

COMPETITION AUTHORITY

82%

Legislative framework

Bosnia and Herzegovina's Law on Competition contains a prohibition of anti-competitive agreements and concerted practices, as well as a prohibition of abuse of dominance, largely in line with the Energy Community acquis. However, the prohibition of anti-competitive agreements is limited to agreements which have the prevention, restriction or distortion of competition as their object and effect, whereas Article 18 of the Treaty prohibits any agreements which have such object or effect. This discrepancy severely narrows the scope of the prohibition. Consequently, the law needs to be amended to align with Energy

Community law. A range of secondary legislation and guidelines exists, including a leniency policy and horizontal and vertical block exemptions (including category-specific exemptions), as well as rules on market definition and categories of dominance.

Institutional framework

The Law on Competition establishes the Competition Council (CC) as an independent authority responsible for the protection of competition. The CC consists of six commissioners (three appointed by the Council of Ministers of Bosnia and Herzegovina, two by the FBiH and one by Republika Srpska governments, supported by 19 staff members. In July 2025, a new president of the CC was appointed for a one-year term, replacing a predecessor, whose membership and presidency were invalidated by a court ruling due to non-compliances regarding his qualifications and the appointment.

The CC has investigative powers to conduct unannounced inspections at companies and related private premises, as well as to issue requests for information, but not to conduct interviews to gather evidence; furthermore, a leniency programme to report illegal behaviour is in place. Moreover, the CC has the power to order cessation of illegal practices and to impose remedies (except commitments) and fines.

Implementation

While the CC possesses all necessary powers, it does not fully use them, as indicated by the activities below during the reporting period. Its powers to gather evidence through dawn raids, requests for information and market studies are not used.

Activity in the reporting period	In the energy sector
On-site inspections (at companies or private premises)	0
Requests for information	0
Leniency application	0
Opening of investigation	4
Decisions on anti-competitive agreements and concerted practices	1
Decisions on abuse of dominance	4
Sector inquiries and market studies	0

During the reporting period, the five decisions adopted by the CC in the energy sector primarily concerned district heating services. It also opened an antitrust investigation into alleged abuse of dominance by a gas distributor ("Sarajevo-gas" Istočno Sarajevo).

While the CC was very active during the reporting period, it is encouraged to further use its investigative powers to detect and deter anti-competitive behaviour.

STATE AID AUTHORITY

41%

Legislative framework

Bosnia and Herzegovina's system for State aid control is governed by the Law on the State Aid System, which establishes a general prohibition of State aid and sets out grounds for compatibility, largely in line with the Energy Community acquis. However, the law is not applicable to certain sectors, including specific infrastructure, limiting its scope of application significantly. Furthermore, the compatibility grounds are not fully aligned with the relevant provisions in Annex III of the Treaty. Consequently, the law needs to be amended to align with Energy Community law. Additionally, a list of secondary acts is in place, but these are largely at the entity rather than the state level.

Institutional framework

The State Aid Council (SAC) is the national authority responsible for the enforcement of the State aid prohibition. It is composed of eight members (three appointed by the Council of Ministers of Bosnia and Herzegovina, two by Republika Srpska, two by the FBiH and one by the Brčko District governments), supported by a seven-member secretariat. SAC and its secretariat urgently require further resources to discharge functions as the enforcement authority and to strengthen its capacity. It engages a significant number of external consultants to perform its functions, underscoring the lack of sufficient human resources. SAC has the power to investigate (including requesting information) and assess potential State aid measures, as well as to authorise aid or order recovery of unlawful aid.

Implementation

Despite its powers, SAC's activities during the reporting period were limited to the authorisation of a single State aid measure. The decision concerned a guarantee issued by the Republika Srpska through bonds to MH Elektroprivreda Republika Srpska Matično MP a.d. Trebinje—ZP Elektrokrajina a.d. Banja Luka for long-term indebtedness. SAC determined that it did not constitute State aid.

Activity in the reporting period	In the energy sector
Requests for information	0
Opening of investigation	0
Decisions on the authorisation of State aid	1
Decisions on illegal and incompatible aid	0
Decisions on ordering aid recovery	1

STATISTICAL AUTHORITY

68%

The Agency for Statistics of Bosnia and Herzegovina (BHAS) is the central authority for compiling and disseminating national energy statistics and coordinating international reporting. Annual data for 2023 on gas, electricity, coal, oil and renewables were submitted to Eurostat with a shorter delay than in previous years, despite unchanged internal deadlines. The SHARES questionnaire was submitted late, while the biomass questionnaire remains pending. A household energy consumption breakdown was compiled and reported in line with the acquis. Industry data were delivered with a delay, while transport and services data are still missing. A quality report on energy statistics was also submitted. Although submitted too late for publication, mini questionnaires with preliminary 2024 data were prepared and sent to Eurostat.

Monthly electricity and coal data are reported without issues, along with the Crude Oil Imports Register (COIR). Natural gas and oil statistics remain unreported, but work on monthly oil reporting is ongoing through direct communication with Eurostat. Once finalised, oil data will become available.

Electricity and natural gas price data for households and industry, disaggregated by consumption band and taxation level, continue to be reported, along with detailed network cost components and price–quality reports.

During the reporting period, the focus remained on processing the results of the Survey on Energy Consumption in Households (APED2024). Overall, BHAS demonstrates partial compliance with Eurostat requirements. Strengthening institutional coordination and enhancing staff capacity through training and data management improvements would help ensure more timely, complete and consistent reporting.

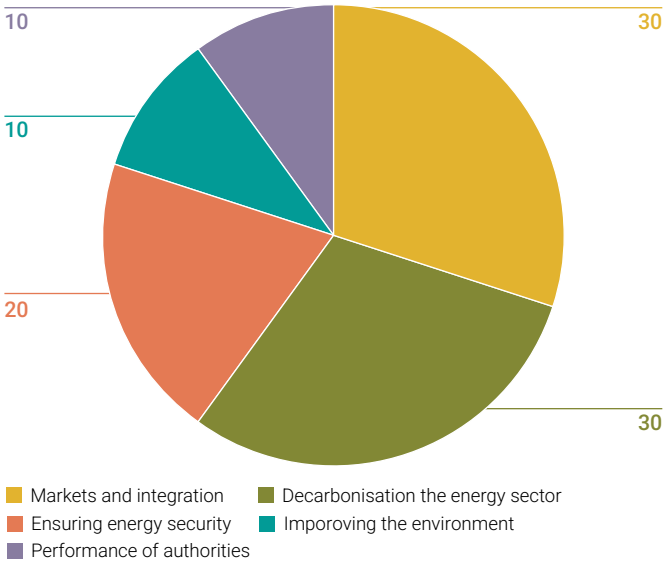
Methodology

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 40 key implementation indicators across the areas of work assessed by this Implementation report. To underscores the Energy Community's dedication to advancing towards a cleaner and more integrated energy market, the Report groups the 40 indicators in five clusters.



In 2025 the weighting of the five clusters remains unchanged, allowing for clearer identification of improvements and trends over time.

Implementation assessment

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

A total of **40 implementation indicators** agregated 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 6-14);

Five cluster implementation indicators aggregating the values at cluster level: Markets and integration (10 indicators), Decarbonising the energy sector (18 indicators), Ensuring energy security (3 indicators), Improving the environment (5 indicators), Performance of authorities (4 indicators).

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 8.

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.

To sharpen the reporting and evaluation focus, one decarbonisation indicator (governance and climate) was removed from the 2025 assessment.

DISCLAIMER

The present assessment is not designed to be a comprehensive study of the legislative and institutional framework or law-enforcement in the Contracting Parties, but rather serve as a succint overview. In no way it should be relied upon for the purposes of adoption of any investment/business decisions or policy-making.

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)	0,25
Greenhouse gas 2030 target	0,25
National systems for climate reporting	0,25
Long-term strategy and climate neutrality	0,25
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