

7th Renewable Energy Coordination Group Meeting

Bosnia and Herzegovina Progress report on the promotion of the use of energy from renewable sources

Vienna, 12th March 2019



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Status of the BiH 2nd Progress Report

- PR is in final phase. It will be submitted to the Secretariat by the end of March 2019
- Data available only for 2016 (Level of BiH, entities provided available data for 2016 and 2017)
- BHAS Energy balances for period 2014 -2016, EUROSTAT data May 2018 edition)
- Significant difference in data (EUROSTAT 2014/EUROSTAT 2016 solid biomass data 1511/582 ktoe)
- Statistical indicators, according to the new official energy statistics, are essentially distant from the responding trajectories defined by NREAP
- The inconsistency in energy statistics is a significant difficulty in planning the implementation of renewable energy in Bosnia and Herzegovina. The targets and the complete plan of their realization are defined on the previous statistics, while monitoring the implementation is done according to the data from the updated statistics.
- MoFTER together with BHAS is in process of forming the Energy statistics Working group aiming to improve and upgrade the quality of data.

Energy statistics

- Biomass Potential Monitoring for BiH is in place: <http://atlasbm.bhas.gov.ba/>
- Review process of data biomass consumption in households will be finalized by March/April 2019 in line with the methodology for the baseline value in 2009
- The assessment methodology for biomass consumption in households is currently being revised and will be subject to adaption and official statistical recognition for the reported time frame (2015 and 2016) by March/April 2019
- The still unofficial data for biomass consumption in households for 2015 is documented within a range between 936 and 1.439 ktoe, which would end up into a total biomass consumption of BiH for 2015 between 993 and 1.550 ktoe
- Changes with regard to overall RES targets achievement of BiH for 2015/2016 ?

Revision of the NREAP/REAPs

- During 2018 activities related to the updating of entity REAPs started
- In October 2018 RS adopted a revised REAP (Official Gazette of the Republic of Srpska, No. 96/18)
- In relation to the previous AP, the following dynamic quotas are changed:
 - for solar PV quotas increased - from 8 MW to 12,20 MW,
 - For biomass quotas decreased - from 14,83 to 12,96 MW
- In November 2018 FBiH adopted a revised REAP (Official Gazette of the FBiH No. 94/18)
- In relation to the previous AP, the following dynamic quotas are changed:
 - for solar PV quotas increased - from 11 MW to 23 MW,
 - For biogas new dynamic quota was introduced in amount of 1.2 MW (adaptation of FiT)
- In March 2019 the draft Law on RES in Republic of Srpska was adopted by the RS Government and was referred to the consideration of the RS National Assembly (WPPs are excluded from the system of incentives)
- In FBiH, according to the Federal Ministry of Energy, Mining and Industry I Work plan, changes and amendments to the Law on RES in IV quarter of 2019

Progress on market-based support schemes for RES in BiH

- WG for the development of market based support schemes in BiH has been formed in October 2017
- All relevant institutions (state and entity) are part of this WG, TA provided by GIZ ProRE project
- In First phase, finished in August 2018, several options for market-based support schemes have been jointly analyzed and specific options have been selected to elaborate on in more detail during the second phase
- The analysis and the selection process has been documented in a comprehensive study Report and a policy paper summarizing the selected options, that have been adopted by the involved institutions.
- The Second phase, started in October 2018, envisages the detailed preparation of the proposed options of the support schemes (elaboration of amendments and new legislation considering also the draft proposals from the Energy Community Secretariat, definition of final structure for auctioning, caps and quota, thresholds, amount of FiP/FiT per technology, etc.) - until July 2019
- The public consultation process on the proposed reform is planned to start in April 2019 (first event on the V Energy Summit in BiH)

Summary of Proposed Reform of Support Schemes for BIH I

- The proposed reform aims at both reducing RE support cost and facilitating development of RE projects in a fully liberalized electricity sector environment.
- Following the EU regulations, the WG made distinctive proposals for RE support scheme reform for large-scale and for small-scale installations – all RE installations above 500 kW as large-scale.

For large-scale installations, two key proposals are put forward by the WG:

- **Comprehensive replacement of feed-in-tariffs (FIT) by feed-in premia (FIP):** Instead of assuring RE installations a fixed price independent of demand or generation in the system, RE investors and stakeholders should sell their electricity into the wholesale market and receive a premium on top (with upper and lower limits on total revenue). Before the introduction of an electricity wholesale market, instead of the wholesale market price, a reformed, flexible reference market price should be applied to RE feed-in, mimicking efficient price-setting in a market.
- **Use of RE auctions:** The WG strongly promotes the use of (technology-specific) auctions for setting of support levels for large scale RE installations at entity level, provided there is sufficient potential for and limited diversity of the RE technology. The WG concludes that for certain installations such as biomass and biogas, future RE support level should continue to be administratively set.

Summary of Proposed Reform of Support Schemes for BIH II

For Small-scale installations the reform elements suggested by the WG include:

- **FiT:** Technology specific support level setting should be undertaken in regular (typically annual) intervals by dedicated Regulatory Commissions. Quotas should be set in a transparent manner for each technology. These should be eligible for support on a first-come-first-serve basis. Alternatively, remuneration on the basis of the reference price should continue to be offered.
- **Net billing:** For prosumers, net billing should be introduced as an alternative option of RE support, i.e. the supplier should “net” electricity supply by remunerating excess energy fed into the grid. Details concerning taxation of prosumers under a net billing scheme are still to be worked out in cooperation with BIH tax authorities.
- **Community energy** installations should, according to the WG, benefit from specific tax incentives while being fully eligible for the general RE support schemes.
 - Taxes suitable for the purpose include customs on technical equipment and profit taxes. The details will be worked out in cooperation with BIH energy and tax authorities.
 - The WG strongly supports introducing dedicated FiT quotas for small-scale community energy projects, as well as series of support activities on promotion of the community energy concept.

Reform of Support Schemes for BIH – Ongoing Activities

- Development of Institutional Framework and Processes: Identification of roles and responsibilities of all involved institutions in the new support scheme system
- Financial Framework: Development of advance simulation tools, cost of support, impact assessment, RE potential curves, etc.
- Legal and Regulatory Framework: Draft of new Laws/Regulations, amendments to existing Laws/Regulation in order to enable auctions, FiP, Community energy, net billing, drafting of bankable PPAs and FAAs (FiP Award Agreement - includes provisions on duration of agreement, price, risks, dispute resolution, insurance, termination of agreement, etc.
- Public Consultation: public consultation activities with all relevant stakeholders – public institutions, investors, NGOs, academia, IFIs, etc.

Progress on improvement of administrative procedures in BiH

- WGs for identification of obstacles and recommendations for improvement of BiH permitting regime was formed
- In an initial phase, these activities were focused on the identification and analysis of the existing licensing and permitting regime in the both entities. The project started with a baseline surveys assessing the current regime from the perspectives of transparency, harmonization and efficiency
- In a second step, a detailed analysis of the existing legal framework was conducted, and case studies were prepared as well as a capacity assessment of institutional and individual actors which are issuing permits for energy projects in the FBiH and RS
- All results and recommendations are summarized in the compilation reports: (i) **Analysis of Legal Framework and Recommendations for the Removal of Obstacles to Investments in the Energy Sector in the FBiH** and (ii) **Analysis of Legal Framework and Recommendations for the Removal of Obstacles to Investments in the Energy Sector in the RS**
- **Guidelines for Investors in the Electricity Sector in BiH have been prepared**
- Documents were presented to the key-stakeholders of the involved institutions and adopted in 2018 by FBiH and RS Governments for official use in a future improvement of BiH permitting regime.

NECP development in BiH

- First NECP WG meeting for BiH took place on February 5 and 6, 2019 in Sarajevo
- Following Thematic Working Groups were defined:
 - TWG 1: Emissions and Greenhouse Gases
 - **TWG 2: Renewable Energy Sources**
 - TWG 3: Energy Efficiency
 - TWG 4: Energy Security and Energy Markets
 - TWG 5: Research, Innovation and Competitiveness
- TWGs discussed the scope of work, next steps and required resources
- First TWG for RES meeting - 28th of March 2019



***THANK YOU FOR YOUR
ATTENTION!***

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