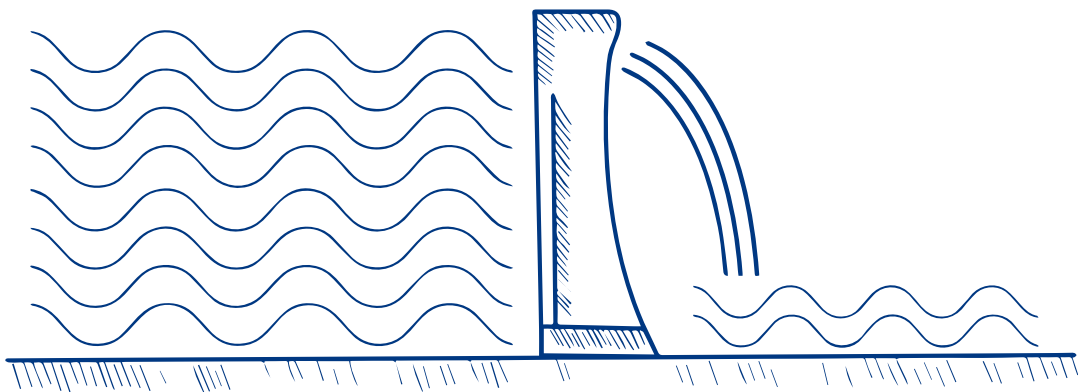


Bosnia and Herzegovina

Annual Implementation Report



















1 November 2022





Bosnia and Herzegovina

SUMMARY IMPLEMENTATION

SUMMARY INDICATORS	IMPLEMENTATION STATUS	2022 HIGHLIGHTS
 Electricity	 61%	There was no visible progress to implement due commitments under the Treaty.
 Gas	 24%	No progress was achieved in Bosnia and Herzegovina in this reporting year and the implementation of the gas acquis continues to hover at a low level.
 Oil	 8%	No progress occurred during the reporting period, and implementation remains at a low level.
 Renewable Energy	 55%	Bosnia and Herzegovina came close to reaching its 2020 target. The new Renewables Law adopted in Republika Srpska in February 2022 partially transposed the REDII, while in the Federation a similar law was drafted.
 Energy Efficiency	 49%	Limited progress was achieved in Bosnia and Herzegovina with respect to implementation of last year's recommendations and improvement of compliance with the energy efficiency acquis.
 Environment	 39%	In the area of environment, no progress occurred during the reporting period and implementation remains at a low level.
 Climate	 48%	Apart from the ongoing work on the draft NECP on entity level, there is limited progress visible in the energy and climate field.
 National Authorities	 51%	The energy regulator's institutional framework does not comply with the acquis. Within its limited legal competences, SERC continues to pro-actively design the market. While the competition authority needs to enforce the competition acquis more rigorously, the State aid authority rendered three decisions in the energy sector.
 Statistics	 87%	Bosnia and Herzegovina maintained the achieved level of energy and price statistics by updating and completing the quality reports, but still falls short of improving the completeness of monthly statistics.

ECS-1/22 Environment	Overall number of cases: 9		ECS-8/11S Gas
ECS-5/17 Electricity	Procedure by Article 91	Procedure by Article 92	ECS-2/13S Environment
ECS-33/21 State aid			ECS-6/16S Third Energy Package
ECS-1/14 Energy efficiency			
ECS-3/18 Infrastructure			
ECS-9/21 Environment			

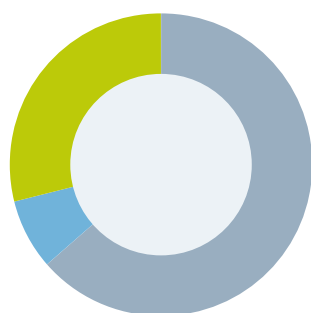
State of Energy Sector Reforms

Bosnia and Herzegovina has achieved limited progress during this reporting period. The energy legal framework remained fragmented along entity lines, thus blocking much needed reforms. The non-compliant gas sector legislation continued to paralyze the country's gas infrastructure ambitious.

The Secretariat had to initiate infringement actions to address the country's breach of the Large Combustion Plants Directive in the case of Tuzla 4 and Kakanj 5, which continued to operate despite the expiry of their limited lifetime derogation period.

Environmental standards remained low with levels of sulphur dioxide, nitrogen oxides and dust from large combustion plants above the ceiling.

Transposition of the Governance Regulation and the 2021 electricity legislation is yet to begin, while the transposition of the new Renewables and Energy Efficiency Directives is moderately advanced.

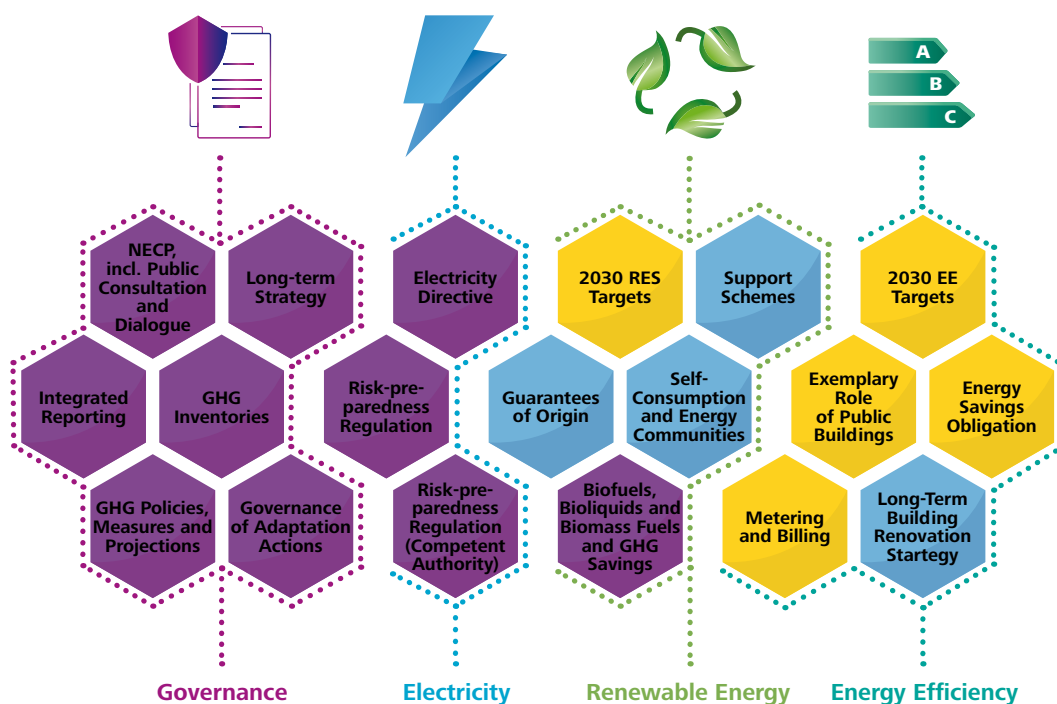


2020 Primary fuel mix in Bosnia and Herzegovina [ktoe]

- Solid fossil fuels
- Hydro
- Other renewables

Source: EUROSTAT

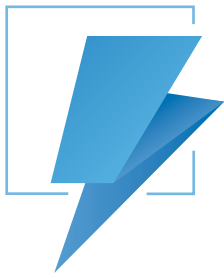
Decarbonisation readiness - 2021 Clean Energy Package transposition



	Regulation (EU) 2018/1999	Directive (EU) 2019/944 and Regulation (EU) 2019/941	Directive (EU) 2018/2001	Directive (EU) 2018/2002
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Transposition status:

- Planning / no steps taken
- Drafting process
- Final draft / approval process
- Approved and published



Bosnia and Herzegovina

Electricity

ELECTRICITY IMPLEMENTATION

UNBUNDLING

20% ||

The transmission network operator and the system operator are organised within two entities. Legal requirements for unbundling are not transposed and the transmission system operator is not unbundled, nor certified.

Three power utilities, Elektroprivreda Bosne i Hercegovina (EP-BIH), Elektroprivreda Hrvatske zajednice Herceg-Bosne (EPHZHB) and Elektroprivreda Republike Srpske (ERS) are vertically integrated with generation, distribution and supply activities. JP Komunalno Brčko is exempted from unbundling requirements, performing distribution and supply to less than 100.000 customers in the Brčko District.

Five distribution companies owned by Elektroprivreda Republike Srpske are legally and accounting unbundled from generation and supply activities. Functional unbundling and full management independence are not confirmed yet. Compliance officers are appointed, but compliance programmes are yet to be approved and implemented.

Distribution activities in the other two power utilities are operated within a single vertically integrated company, in breach of Energy Community law. The unbundling provisions are expected to be introduced by the new Electricity Law which is still pending approval by the entity government of Federation of Bosnia and Herzegovina.

ACCESS TO THE SYSTEM

95% ↑

Network tariffs are published and implemented in a non-discriminatory manner. The State Electricity Regulatory Commission (SERC) reviewed the application of the transmission company (Elektroprijenos BiH) and decided to keep the transmission network tariffs unchanged for 2022 but increased the tariffs for the operation of the independent system operator (NOS BiH). Distribution network tariffs and public supply tariffs were increased in Brčko District only. The entity regulator in Republika Srpska reviewed tariff applications for distribution and public supply. Its decision is pending.

Connection Network Codes for transmission were transposed in 2019 through the corresponding rules, and implemented through the amended grid code and the decisions on derogation adopted by the SERC.

Entity authorities and distribution operators have transposed elements of the Connection Codes through simplified procedures for connection of small generators. Terms and conditions for connection to the distribution networks are published, together with certain technical requirements, but the distribution grid codes have not fully integrated all requirements from the Connection Codes.

The Transparency Regulation is transposed and largely implemented.

WHOLESALE MARKET

64% ↓

The wholesale market is dominated by the three state-owned incumbent suppliers, trading through bilateral contracts. ERS trades also directly in foreign spot markets, whereas EPBIH and EPHZHB employ an agent to trade on their behalf.

The current Law on Electricity Transmission, Regulation and System Operation of Bosnia and Herzegovina of 2002, as amended, does not define the functioning of an organized spot market. The Ministry of Foreign Trade and Economic Relations, in coordination with entities' ministries, regulatory authorities and key energy undertakings, established a working group to define a pathway for setting up an organized market, following the Secretariat's proposal for amending the Law. The working group has made no progress.

The competitive market for balancing energy and ancillary services is in place since 2016.

SERC set the regulated price of electricity for losses in the transmission network, with limited scope and duration, for the periods in the course of 2022 when it cannot be purchased from public auctions, empowering the independent system operator (NOS BiH) to determine the volumes and the entities obliged to supply the missing volumes.

The Regulation on Integrity and Transparency of the Wholesale Energy Market (REMIT) is transposed and implemented in the electricity sector.

RETAIL MARKET

75% ↓

Supply takes place predominately by the three incumbent utilities, even more so following the price surge in 2021.

Regulated prices are available for customers entitled to universal service, namely households and small customers. In the Federation, two power utilities are responsible for providing universal service in their respective areas, at the prices calculated in accordance with the methodology defined by the entity regulator FERC. In Republika Srpska, prices for universal service are determined by the entity regulator RERS, based on the cost of production in the incumbent power utility ERS. Brčko District consumes around 2% of the country's electricity consumption, with prices for universal service determined by SERC.

In the competitive segment of the retail market, prices were freely negotiated until the price surge in the second semester of 2021. As the prices in bilateral supply contracts began to reflect European and regional spot market prices, the Chamber of Commerce in Republika Srpska assisted in striking a general deal with the dominant supplier ERS for supply of eligible customers. In the Federation, an amendment to the Electricity Law, adopted in December 2021, introduced a provision limiting the price increase for eligible customers to a maximum 20% per annum. As a consequence, concentration in the retail market increased.

The concept of vulnerable customers is defined in the primary legislation of Republika Srpska, however, the exact criteria for obtaining the status of a vulnerable customer are still to be developed and implemented. In Federation of Bosnia and Herzegovina, the concept of vulnerable customers is not explicitly provided in the legislation, nevertheless, there is a programme for subsidizing the below-average consumption implemented by EPBIH and EPHZHB. The Electricity Law of Brčko District includes the definition of a vulnerable customer. A programme for subsidizing vulnerable customers of electricity is being implemented.

REGIONAL INTEGRATION

40% ↓

As Bosnia and Herzegovina has still not transposed the TEN-E Regulation, it does not rectify the infringement established by Ministerial Council Decision 2018/8/MC-EnC. The realisation of the part of the Transbalkan corridor, a PECE project, that goes

through Bosnia and Herzegovina (OHL 400 kV Visegrad - Bajina Basta) hinges on the completion of the necessary work in Serbia (OHL 2x400 kV Obrenovac - Bajina Basta).

Interconnection capacity on the borders with Montenegro and Croatia is allocated annually, monthly and daily through regionally coordinated auctions at SEE CAO. The allocation of capacity for all timeframes on the border with Serbia and the intraday capacity auctions on all borders is bilaterally coordinated between the respective system operators.

Cross-border balancing is implemented within the SHB control block shared with Slovenia and Croatia. The market rules were changed with the aim to implement system operation and electricity balancing guidelines. Bilateral exchanges of balancing energy with the operators of Serbia and Montenegro are applied.

SECURITY OF SUPPLY

66%

Directive 2005/89/EC is only partially transposed through the laws governing electricity sector on entity level.

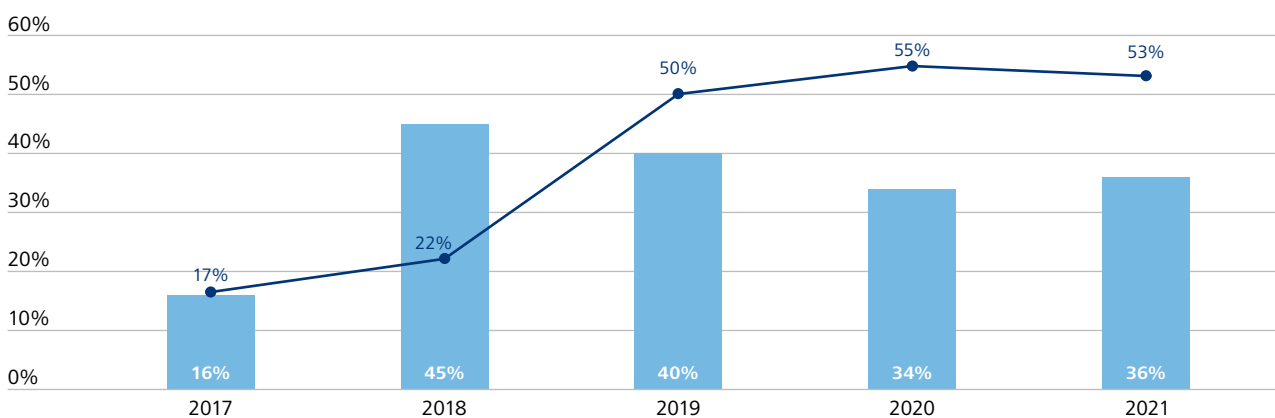
There is no state-level legal framework on cybersecurity and the Law of Republika Srpska on Information Security does not transpose NIS Directive (EU) 2016/1148.

RECOMMENDATIONS / PRIORITIES

Adoption of the new state-level Electricity Law, which would establish the legal ground for unbundling and certification of the transmission system operator and the establishment of the day-ahead market, remains an essential precondition for the further development of the electricity market and its integration.

On entity level, Federation of Bosnia and Herzegovina should urgently transpose and implement the requirements for distribution system unbundling.

Retail Market Opening



Supply to active eligible customers in % for Bosnia and Herzegovina

Supply to active eligible customers in % for the Energy Community (weighted average %)

Source: State Electricity Regulatory Commission, compiled by the Energy Community Secretariat



Bosnia and Herzegovina

Gas

GAS IMPLEMENTATION

UNBUNDLING

35% ↓

Gas Promet Pale, one of two operators in Republika Srpska, is certified under the ownership unbundling model by the entity's regulator. The second one, which performs transport, distribution, system operation and supply, is still not unbundled. In Federation of Bosnia and Herzegovina, one company operates the transmission network, as an exclusive and sole task in line with the Decree on Organization and Regulation of the Gas Sector, but there is no legal basis for unbundling under the Third Energy Package.

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.

ACCESS TO THE SYSTEM

25% ↓

Third party access is granted under regulated tariffs for the gas network in Republika Srpska, while access is negotiated in the Federation. Tariffs are determined by the entity governments as part of the gas price at the distribution level. Third party access is not established under the Network Codes provisions in both entities.

WHOLESALE MARKET

7% ||

Bosnia and Herzegovina has a foreclosed gas market, organised in two parallel entity gas markets. Republika Srpska's wholesale market prices are not regulated, however, there is only one dominant gas importer. This is also the case for Federation of Bosnia and Herzegovina, where wholesale prices are determined by the entity government. All transactions are based on bilateral contracts. A virtual trading point for Republika Srpska is not functional and it does not exist in the Federation.

The REMIT Regulation was not transposed.

RETAIL MARKET

10% ||

In Republika Srpska, all retail market customers are supplied under 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 circa 85% of the retail market in Republika Srpska. Customers

in Federation of Bosnia and Herzegovina are still captive and supplied under regulated prices.

INTERCONNECTIVITY, REGIONAL INTEGRATION

37% ↑

For the single interconnection point between Serbia and Bosnia and Herzegovina, there is an interconnection agreement signed between the adjacent operators.

There is no gas PEI project on the territory of Bosnia and Herzegovina, but two PMI projects: Interconnector Bosnia and Herzegovina - Croatia North and Interconnector Bosnia and Herzegovina - Croatia South. The former one, on the territory of Republika Srpska, is in the feasibility stage albeit it has not matured further during recent years.

The interconnector Bosnia and Herzegovina - Croatia South is in the design and permitting phase. The project would enable Bosnia and Herzegovina, and particularly the Federation, to access alternative sources of gas, contribute significantly to its security of supply and enable access to competitive gas markets of the European Union via Croatia, thus bringing in price competition. The project would introduce natural gas in new territories of the Federation.

SECURITY OF SUPPLY

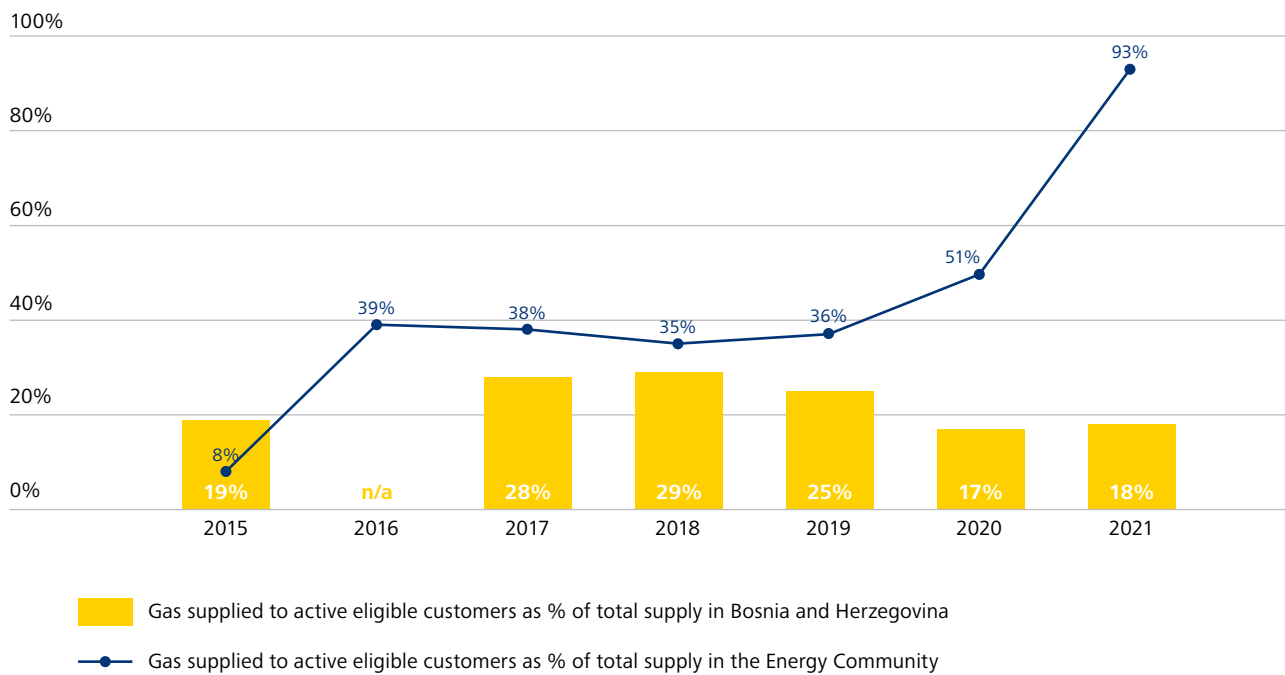
25%

Bosnia and Herzegovina has not yet started with the transposition of Regulation (EU) 2017/1938. Only rudimentary provisions are in place in Republika Srpska.

RECOMMENDATIONS / PRIORITIES

Bosnia and Herzegovina should adopt a state law that would transpose the Third Energy Package in gas. In the absence of a single legislative framework, Bosnia and Herzegovina's two entities have adopted two distinct regulatory regimes, which are widening further apart. Third party access and operation of the systems should be brought in compliance with the Network Codes, which is crucial for market development and regional integration. The absence of a proper framework for the security of gas supply in the Federation and at the state level could have negative implications in the case of an energy crisis. The situation should be remedied as soon as possible.

Retail Market Opening



Note: The weighted average level of market opening in the Energy Community was calculated assuming the full opening of gas retail market in Ukraine for the whole 2021. However the full retail market opening took place on 1st May 2021.

Source: State Electricity Regulatory Commission (SERC), compiled by the Energy Community Secretariat

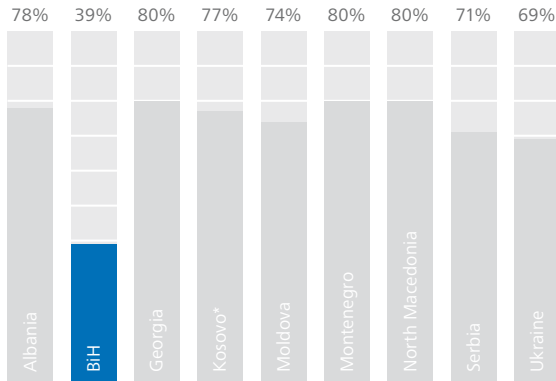


Bosnia and Herzegovina

National Authorities



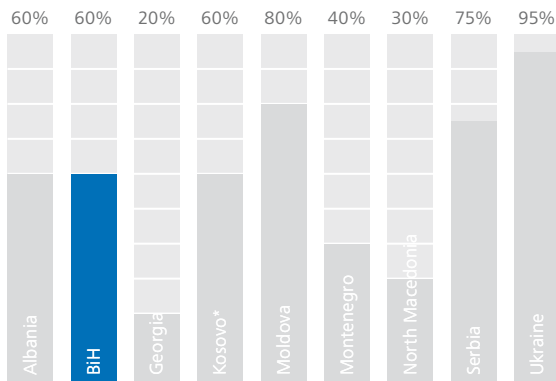
Regulatory Authority



In the reporting period, the State Electricity Regulatory Commission (SERC) continued efforts to implement the acquis within the limits of the powers granted to the regulator by state-level legislation. This included preparation of regulatory rules for power exchange establishment and NEMO designation subject to the transposition of the missing primary legislation. SERC remains the only Contracting Party regulator whose set-up does not comply with the Third Package requirement for a single regulatory authority for electricity and gas, which constitutes a serious and persistent breach of the acquis. SERC actively performed in the implementation of REMIT by using investigation tools. On regional level, SERC is an active ECRB member, including working group chairmanship.



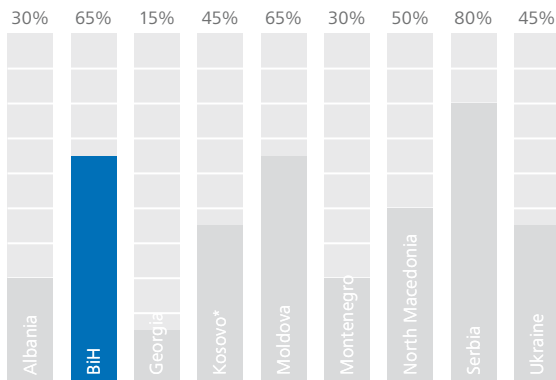
Competition Authority



The Competition Council's enforcement activities in the energy sectors generally focus on concentrations. In the reporting period, the Competition Council did not assess any case nor did it render any decision in the energy sectors. Effective enforcement of competition law, in particular with regard to anticompetitive agreements and the abuse of dominance, is needed in order for Bosnia and Herzegovina to comply with its obligations under the Treaty.



State Aid Authority



The State Aid Council (SAC) and its secretariat have become very active, but would need additional human resources. In the reporting period, the SAC annulled its decision from 2018 where it found that the guarantee provided by Federation of Bosnia and Herzegovina for the loan of EUR 614 million from the Chinese Export-Import-Bank to Elektroprivreda BIH for the Tuzla 7 project does not entail State aid. Following the Decision by the Ministerial Council, the SAC decided that the guarantee constitutes illegal State aid which the Federation's Ministry of Finance is obliged to recover.

The SAC rendered three additional decisions regarding guarantees by the government of Republika Srpska. The first guarantee was issued to Elektroprivreda RS ad Trebinje for a loan for the acquisition of the company Ruding doo Ugljevik to ensure the supply of limestone as a sulphur dioxide absorbent for the operation of a flue gas desulphurisation plant; the SAC corrected its previous decision and found that the aid constituted compatible aid for environmental protection. The second guarantee issued to Hidroelektrana Dabar doo Trebinje for a loan for the construction of facilities of the Dabar hydro power plant was found by the SAC to constitute compatible State aid in line with the Commission's Guidelines on State Aid for Environmental Protection and Energy 2014 - 2020. Finally, the SAC found the guarantee issued to ZP Elektrokrajina a.d. Banja Luka for payments of its own debts to constitute illegal State aid and ordered payment of a market premium to the issuer of the guarantee. The SAC should follow-up the decisions finding illegal State aid by enforcing the recovery obligation.



Bosnia and Herzegovina

Oil

OIL IMPLEMENTATION

OIL STOCKHOLDING OBLIGATIONS 0% ||

No progress was achieved during this reporting period.

Bosnia and Herzegovina does not have state-level legislation on compulsory stocks of oil and petroleum products, and there is no national policy to meet the requirements of Directive 2009/119/EC.

A working group tasked to deliver concrete proposals for an oil stocks model at the state level in compliance with Oil Stocks Directive 2009/119/EC did not produce any concrete outcomes.

FUEL SPECIFICATIONS 60% ||

Bosnia and Herzegovina is yet to adopt the draft Decision on the Quality of Liquid Petroleum Fuels to align with Directive 98/70/EC on the Quality of Petrol and Diesel Fuels.

RECOMMENDATIONS / PRIORITIES

The existing proposals of the working group supported by the Ministry of Foreign Trade and Economic Relations should provide the basis for deciding on the oil stocks model for the emergency stockholding system at the state level. The decision should be taken as soon as possible to strengthen security of oil supply.

The Government should adopt the draft Decision on Quality of Liquid Petroleum Fuels once the Secretariat's comments to ensure the draft's compliance with the acquis have been incorporated.



Bosnia and Herzegovina

Renewable Energy

RENEWABLE ENERGY IMPLEMENTATION

NATIONAL RENEWABLE ENERGY ACTION PLAN

58% ||

Bosnia and Herzegovina has registered a 39,84% share of renewables in 2020 and came very close to reaching its 40% target for 2020. Together with a slight reduction in consumption, the achievement of the target for heating and cooling is responsible for this increase. The country has not reached its sectorial targets for electricity and transport.

QUALITY OF SUPPORT SCHEME

65% ↑

The support scheme is based on administratively set feed-in tariffs in Federation of Bosnia and Herzegovina, where renewable energy producers under feed-in tariffs remain fully released from balancing responsibility as the adoption of the methodology for allocating balancing costs is still pending. Republika Srpska adopted a new Renewables Law in February 2022, which enables market premiums and assumes full balancing responsibility for all projects above 500 kW. Preparation of secondary legislation is ongoing.

GRID INTEGRATION

60% ||

Renewable energy producers have priority access to the grid. Connection to the transmission system is regulated by the state regulator stipulating that renewable electricity producers connected to the grid pay 50% of the fixed part of the connection costs. On the distribution level, producers in Republika Srpska have to fully cover connection costs, while renewable energy producers in the Federation cover 50% of the calculated average value of the connection costs.

ADMINISTRATIVE PROCEDURES AND GUARANTEES OF ORIGIN

59% ||

No progress was made to simplify administrative procedures and establish a one-stop shop in the reporting period. 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 were created and can be utilized as soon as the energy regulator from Republika Srpska and the operator for renewables in the Federation, as the designated issuing bodies, sign direct agreements with the service provider.

RENEWABLE ENERGY IN TRANSPORT

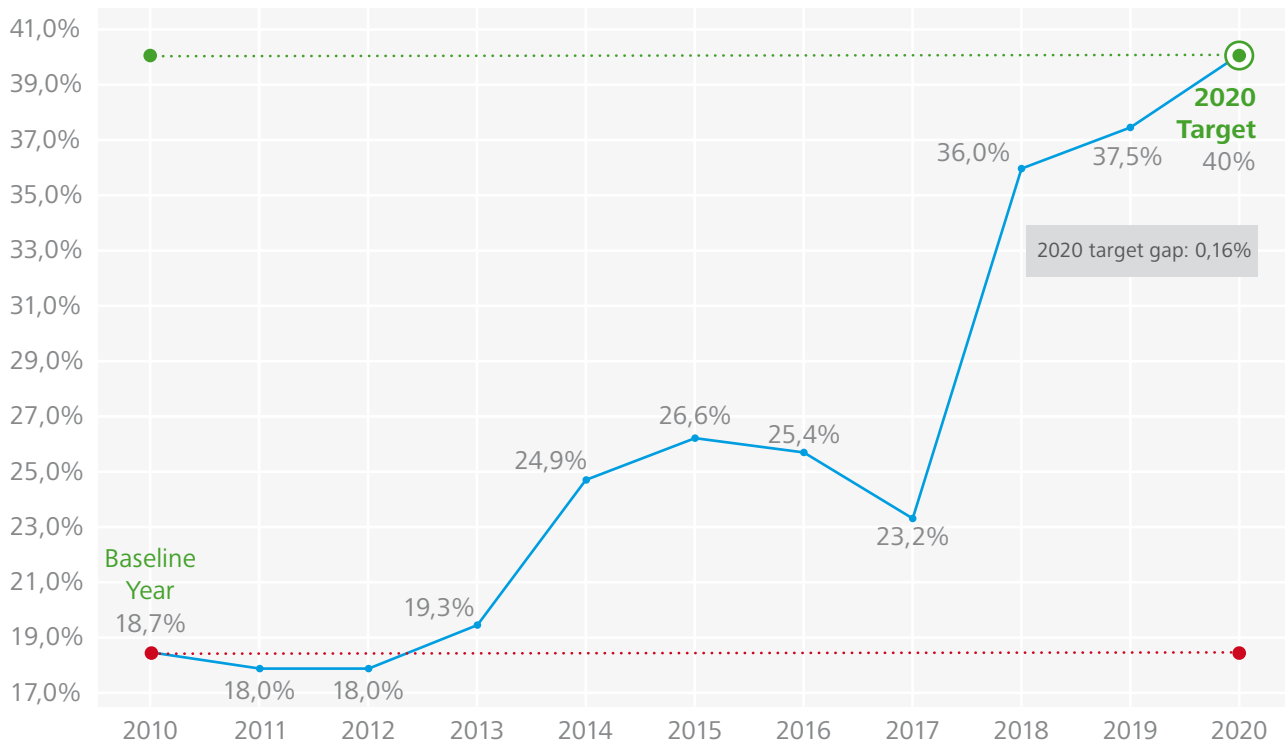
3% ||

Provisions related to the sustainability of biofuels are still not transposed and the legal framework remains completely non-compliant with Directive 2009/28/EC. The share of renewables in transport is low - below 1% in 2020, compared to the objective of 10%.

RECOMMENDATIONS / PRIORITIES

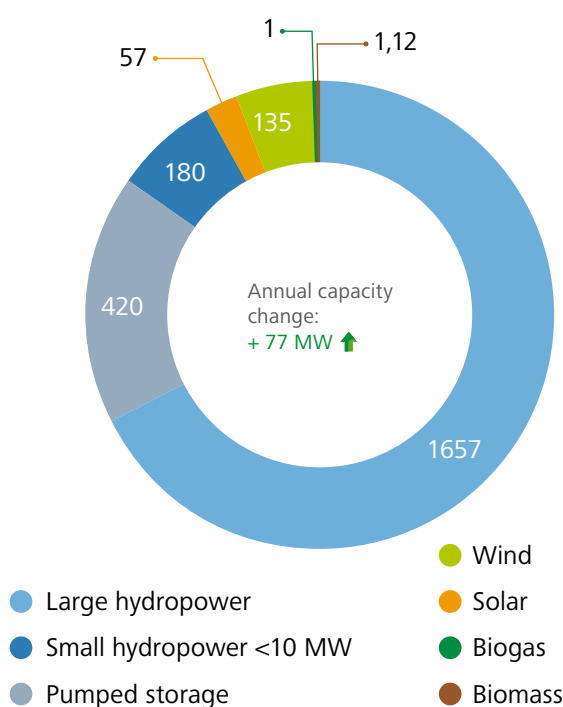
Federation of Bosnia and Herzegovina should proceed with the adoption of amendments to the renewables law to transpose and implement Directive (EU) 2018/2001. Republika Srpska should proceed with the adoption of secondary legislation and implementation of first renewables auctions. Permitting procedures need to be simplified and streamlined in both entities to enable faster deployment of renewables. The entity bodies designated to issue guarantees of origin should sign direct agreements with the service provider and start using the electronic registries developed during the regional project.

Shares of Energy from Renewable Sources



Source: EUROSTAT

Total Capacities of Renewable Energy 2021 (MW)



In early 2021, the third wind park in Bosnia and Herzegovina (Podveležje, 48 MW) was commissioned. In addition, 21 MW of solar PV and 8 MW of small hydropower were installed in 2021.

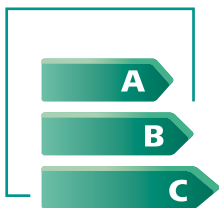
Cantons in the Federation and the Government of Republika Srpska announced public calls for granting land concessions for construction of renewable energy facilities. Based on the public call, in July 2022, the power utility Elektroprivreda BiH signed a concession contract with Central Bosnia canton for the construction of two solar PV plants with total installed capacity of 50 MW. The build-operate-transfer concession is granted for a period of 30 years, after which the ownership of the facilities is to be transferred to the canton. The concession fee will be 1,5% of the total value of electricity produced.

In June 2022, Republika Srpska announced a call for granting of a concession for the construction of solar PV (80 MW) and wind plant (39,6 MW) in Bileća.

Total capacities of renewable energy (MW):

2451

Source: State Electricity Regulatory Commission of Bosnia and Herzegovina (SERC)



Bosnia and Herzegovina

Energy Efficiency

ENERGY EFFICIENCY IMPLEMENTATION

ENERGY EFFICIENCY TARGETS AND POLICY MEASURES

48% ↑

According to data on energy statistics published by EUROSTAT for Bosnia and Herzegovina, 2020 primary energy consumption decreased and was below the 2020 threshold target. The sixth Annual Progress Report is still to be submitted to the Secretariat.

The main achievement during this reporting period was the adoption of the compliant Energy Efficiency Law in Brčko District in July 2022, and drafting of by-laws on entity level. Policy actions, including the assessment of energy efficiency targets and policy measures under the National Energy Efficiency Action Plan (NEEAP) 2019 - 2021, are ongoing.

ENERGY EFFICIENCY IN BUILDINGS

65% ↑

Amendments to primary legislation and long-term building renovation strategies, to align with the energy efficiency provisions under the Clean Energy Package, have been drafted on state and entity levels, but their adoption is pending. Both entities are working on updating existing by-laws, including improvements in energy audits and certification of buildings procedures.

ENERGY EFFICIENCY FINANCING

67% ↑

Each entity has established an energy efficiency and environmental fund, covering monitoring of implementation and reporting on achieved savings. Activities aimed to establish new models of financing for public and residential buildings are ongoing. The energy efficiency laws of both entities and the Brčko District recognize ESCOs and energy performance contracting. However, the ESCO market remains underdeveloped, with the adoption of secondary legislation needed to remove implementation gaps still pending, e.g. in public procurement, multi-year budgeting and adoption of model ESCO contracts.

ENERGY EFFICIENT PRODUCTS – LABELLING

38% ↑

During the reporting period, the Secretariat and the regional REEP Plus project continued to support Bosnia and Herzegovina in the drafting of rulebooks to transpose energy labelling and eco-design delegated regulations and training of implementing bodies. However, authorities in Bosnia and Herzegovina still need to adopt these rulebooks. To date, the regulations were only transposed partially in Republika Srpska.

EFFICIENCY IN HEATING AND COOLING

26% ↑

Bosnia and Herzegovina has 32 district heating systems, covering around 10% of total heat demand. Consumption-based billing and metering are not implemented in the majority of the systems. Projects to integrate renewables in district heating are ongoing. The cost-benefit analyses for energy efficiency measures in heating and cooling and the assessment of high-efficiency cogeneration and efficient district heating and cooling potential are under preparation. Decarbonisation of both individual and district heating systems should be assessed in a strategic, coordinated way.

RECOMMENDATIONS / PRIORITIES

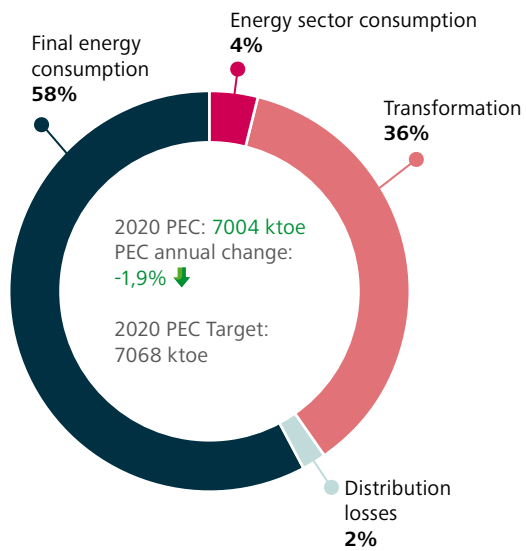
The utmost priority for Bosnia and Herzegovina remains the transposition of the amended Energy Efficiency Directive and the Energy Labelling Regulation through amendments of the existing primary legislation in the two entities, and the implementation of the Energy Efficiency Law in the Brčko District.

The sixth Annual Progress Report under the Energy Efficiency Directive should be submitted to the Secretariat without delay.

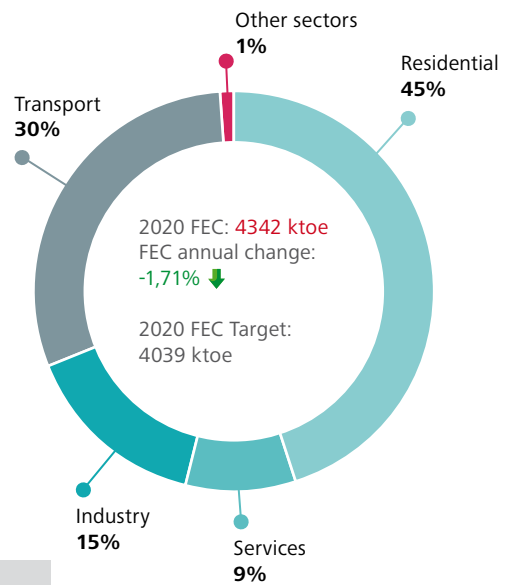
The draft long-term building renovation strategies and secondary legislation on energy efficiency in buildings, the energy efficiency obligation scheme and energy performance contracting, as well as assessment of the potential for the application of high-efficiency cogeneration and efficient district heating, should be adopted. Energy efficiency criteria should be introduced in public procurement procedures.

2020 Energy Efficiency Indicators and Trends

Primary Energy Consumption (PEC)



Final Energy Consumption (FEC)



Energy intensity,
2020 value and trends:
0,47 ktoe/mil EUR, +1,5% ↑

Source: EUROSTAT 2021 data and Contracting Party's Reports

Energy Efficient Products – Overview of Implementation of Labelling Regulation

FRAMEWORK REGULATION*	Household dishwashers	Fridges and freezers*	Household washing machines	Televisions	Air conditioners and fans*	Household tumble driers	Electrical lamps and luminaires	Solid fuel boilers*	Space heaters*	Water heaters & storage tanks	Domestic ovens and range hoods

Adopted and implemented Compliance or implementation issues detected No progress with adoption/implementation

* The new labelling package adopted by the Ministerial Council in November 2018 was assessed, as the transposition deadline expired in January 2020.

Source: multiple sources of data (EECG reports, NEEAPs etc.), compiled by the Energy Community Secretariat



Bosnia and Herzegovina

Environment

ENVIRONMENT IMPLEMENTATION

ENVIRONMENTAL ASSESSMENTS **43% ↓**

In the reporting period, secondary legislation transposing the annexes to the Environmental Impact Assessment (EIA) Directive was adopted by Federation of Bosnia and Herzegovina. The shortcomings of the environmental impact assessment legislation with regards to the EIA consent and the validity of the development consent (the construction and environmental permits) are not resolved in both entities. Permits for energy projects, in particular for hydropower projects, are being prolonged and their validity extended for periods longer than ten years based on outdated EIA consents, which is not in line with the EIA Directive. The EIA screening process must encompass all criteria defined in Annex III of the EIA Directive – characteristics of projects, the location of the project and the type and characteristics of the potential impacts.

Proper implementation of the strategic environmental assessment (SEA) procedures remained a challenge for plans and programmes that concern both entities and are adopted on a national level. SEA procedures for the Framework Energy Strategy till 2035, which was adopted on a national level without SEA, are still not initiated on an entity level. SEAs for the draft National Energy and Climate Plan (NECP) have also not been initiated despite the draft being at an advanced stage.

SULPHUR IN FUELS **27% ↓**

The draft legislation to address the infringement established by the Ministerial Council is still not adopted and the serious and persistent breach thus persists.

LARGE COMBUSTION PLANTS **50% ↓**

Bosnia and Herzegovina complied with its emission reporting obligations in March 2022. The emission limit values and relevant provisions of the Large Combustion Plants and Industrial Emissions Directives are transposed in both entities. However, non-compliance with the National Emission Reduction Plan ceilings for all three pollutants (sulphur dioxide, nitrogen oxides and dust) continued in the 2021 reporting period, albeit the absolute amounts of sulphur dioxide and nitrogen oxides emissions have decreased compared to 2020 levels. At the same time, dust emissions have increased drastically, which is largely due to TPP Gacko. Breaches of the emission ceilings resulted in the opening of infringement action in March 2021.

Two of the three opted-out plants (TPPs Tuzla 4 and Kakanj 5) have reached the end of their 20.000 operational hours limit in 2022. From that time on, these plants have to comply either with the emission limit values of the Industrial Emissions Directive or discontinue their operation. As this is not the case, the Secretariat had to initiate infringement actions.

NATURE PROTECTION **33% ↓**

Effective legislation addressing the conflicts between energy development projects and nature protection goals and obligations, in particular with regard to hydropower development, is not in place. The Federation has identified potential special protection areas (SPAs), however, the list is not adopted. Republika Srpska and the Brčko District are still in the process of assessment of the potential SPAs. The protection of the three Ramsar sites must be strengthened with up-to-date management plans and regular monitoring activities. Legislation that will impose effective measures against the deliberate killing or hunting of wild birds, deliberate destruction or damaging of nests and eggs and/or removal of their nests is still not in place in Federation of Bosnia and Herzegovina.

ENVIRONMENTAL LIABILITY **20%**

In the Federation, the Law on Environmental Protection transposes the provisions of the Environmental Liability Directive with regard to the prevention and elimination of environmental damage. In Republika Srpska, the Directive is not transposed.

RECOMMENDATIONS / PRIORITIES

The EIA screening processes against the criteria set in Annex III of the EIA Directive must be systematically applied particularly for hydropower projects. The EIA/SEA legislation should be amended in both entities in order to streamline transboundary consultations. The capacities of the authorities should be improved in order to secure proper implementation and enforcement of the EIA legislation in both entities.

The SEA of the draft NECP should be initiated and carried out in parallel with the drafting of the plan. The SEA should in detail assess the cumulative and transboundary impact of the plan. Early and effective opportunities for the participation of the public and the authorities affected, including transboundary consultations, must be secured.

Bosnia and Herzegovina should adopt the decision on liquid fuel quality without further delay.

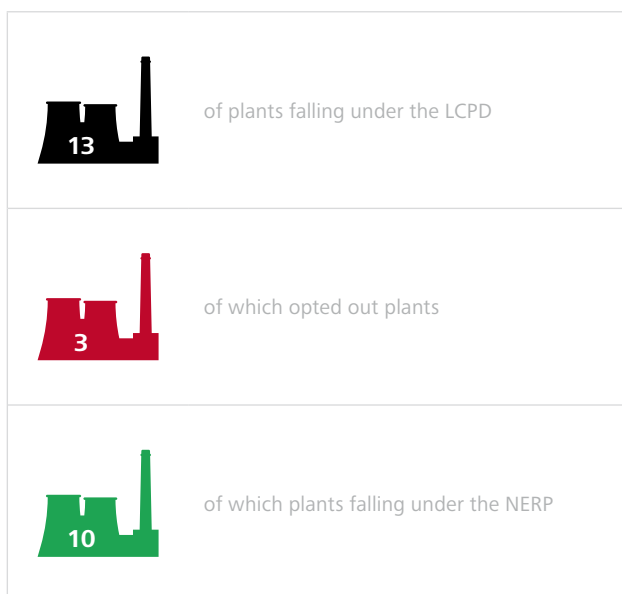
Implementation of the instruments of the Large Combustion Plants Directive is to be ensured, both in terms of NERP ceilings and respecting the provisions and time limits of the opt-out.

Nature protection legislation should be improved and the list of SPAs adopted. Republika Srpska should further streamline the

protection of the "Gornji Tok Neretva" river valley and reassess the projected development in line with the protection of the site, in particular for hydropower projects.

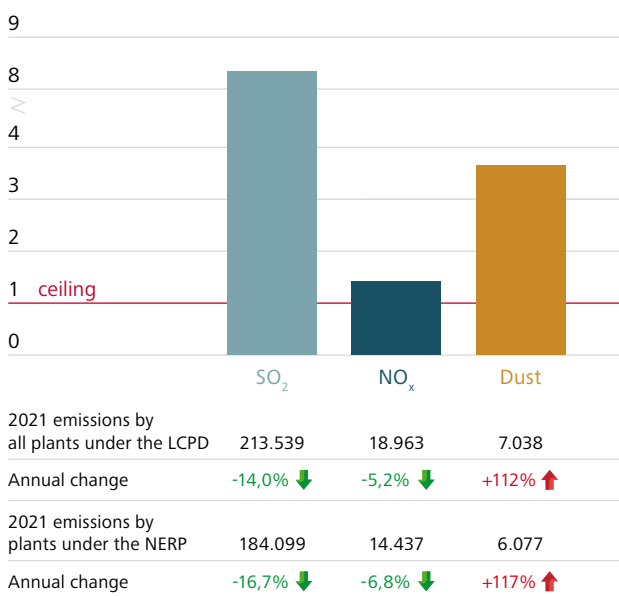
The provisions on environmental liability are to be transposed in both entities.

Installations under the Large Combustion Plants Directive



Source: compiled by the Energy Community Secretariat

2021 emissions versus NERP ceilings

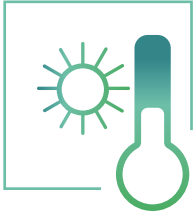


Amount of operational hours used from opt-out period

TPP Kakanj 5 	Expected expiry of opt-out period	March 2022
	Remaining hours	836
	Operating hours consumed in 2018 - 2021	19.164
TPP Tuzla 4 	Expected expiry of opt-out period	March 2022
	Remaining hours	1.151
	Operating hours consumed in 2018 - 2021	18.849
TPP Tuzla 3 	Expected expiry of opt-out period:*	August 2023
	Remaining hours	5.777
	Operating hours consumed in 2018 - 2021	14.223

*Calculations for the expected expiry of the opt-out period are based on 2018 - 2021 average load factor.

Source: compiled by the Energy Community Secretariat



Bosnia and Herzegovina

Climate

CLIMATE IMPLEMENTATION

NATIONAL GREENHOUSE GAS EMISSIONS MONITORING AND REPORTING SYSTEMS

45% ||

The third Biennial Update Report to the UNFCCC and the fourth National Communication were planned to be adopted in the course of the reporting period. However, the adoption of both key reporting documents was pending at state level at the time of publication of this report.

With the Energy Community Secretariat's support, Bosnia and Herzegovina drafted a roadmap for introducing carbon pricing by the end of 2025. To implement the roadmap, the Government, supported by development partners, works on four related issues: monitoring, reporting and verification; economic impact analyses; emissions trading system infrastructure and platform; and legal and regulatory aspects.

NATIONAL ENERGY AND CLIMATE PLANS (NECPS)

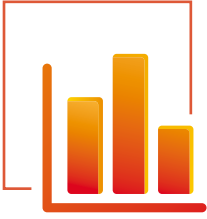
51% ↑

The development of the draft NECP focused on the refinement of the policy and the reference scenarios, in part to reflect the negotiations on the Energy Community 2030 targets for Bosnia and Herzegovina. The legal basis for the NECP and the adoption of the entity energy and climate plans continue to be pending.

Apart from air protection laws of the two entities, there is no climate law in Bosnia and Herzegovina. In order to transpose the Governance Regulation, Bosnia and Herzegovina needs to start working on the development of such a law and accompanying by-laws.

RECOMMENDATIONS / PRIORITIES

Bosnia and Herzegovina is encouraged to adopt a dedicated climate law in order to create the legal basis for the NECP and climate related policies and measures in order to comply with international obligations related to climate change. The adoption of entity level NECPs should be accelerated in order to prepare the draft national NECP until June 2023.



Bosnia and Herzegovina

Statistics

STATISTICS IMPLEMENTATION

ANNUAL STATISTICS

93% ↓

The full set of annual energy statistics has been compiled and transmitted to EUROSTAT, although with a delay for the renewables questionnaire due to the revision of renewables data. Hence, the five annual questionnaires as well as the SHARES questionnaire were released as a consistent set of data.

Preliminary questionnaires with 2021 data were prepared and transmitted to EUROSTAT. The breakdown of energy consumption in households is reported in accordance with the acquis. The first quality report on energy statistics was transmitted to EUROSTAT in 2019, whereas an updated quality report will be submitted in November 2022. As regards not yet mandatory questionnaires, preliminary data for 2021 were prepared and transmitted to EUROSTAT.

BHAS conducted a pilot survey "Energy consumption in households" in the Brčko District in September 2022, with the intention to prepare for conducting a nation-wide survey in 2023.

MONTHLY STATISTICS

50% ↑

The statistics agency BHAS transmits monthly reports for electricity and coal to EUROSTAT. Monthly data on natural gas and oil data are still missing. BHAS has drafted a methodology for data collection on monthly oil statistics with a focus on establishing a register of data providers/reporting units. The pilot survey was completed, and BHAS is working with respondents on improving responsiveness and quality. Reporting on monthly oil statistics from January 2023, in accordance with the statistics and oil acquis, depends on the successful validation of compiled data.

PRICE STATISTICS

100% ||

The prices of electricity and natural gas charged to industrial and household end-users, broken down per consumption band and per taxation level, as well as the breakdown of components of electricity and natural gas prices, are compiled and submitted to EUROSTAT. The respective quality reports have been prepared but remain to be published by EUROSTAT.

RECOMMENDATIONS / PRIORITIES

Completing monthly oil and natural gas statistics and timely dissemination of all monthly statistics requires urgent action.

Insufficient financial resources of statistics institutes are the main barrier to the completion of all tasks required to implement the energy statistics acquis.