

GUIDELINES FOR INVESTORS

FOR CONSTRUCTION OF ELECTRIC POWER FACILITIES IN REPUBLIKA SRPSKA

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1. ACRONYMS

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| BD | Brcko District of Bosnia and Herzegovina |
| BiH | Bosnia and Herzegovina |
| DSO | Distribution system operator |
| FBiH | Federation of Bosnia and Herzegovina |
| MIEM | Ministry of Industry, Energy and Mining of Republika Srpska |
| RES | Renewable energy sources |
| RESEC Operator | Operator for Renewable Energy Sources and Efficient Cogeneration |
| RSERC | Regulatory Commission for Energy of Republika Srpska |
| RS | Republika Srpska |

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3. INTRODUCTION

These Guidelines are intended for potential investors who wish to invest in the development of electric power facilities in Republika Srpska. They provide information about the procedure, required permits, competent authorities, as well as other useful information.

The Guidelines explain the permitting procedure at the level of Republika Srpska, consisting of the required steps and the documentation to be enclosed with applications for individual permits.

Permitting processes for generation plants are by their nature complex in all jurisdiction. What distinguishes them are the ease with which these processes can be identified. The purpose of these Guidelines is to contribute to the transparency of the RS permitting regime.

In order to better understand the permitting system in BiH, it is necessary to have in mind the administrative and constitutional organization of Bosnia and Herzegovina which comprised of two entities: Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), as well as the Brcko District (BD)¹ [Figure 1].

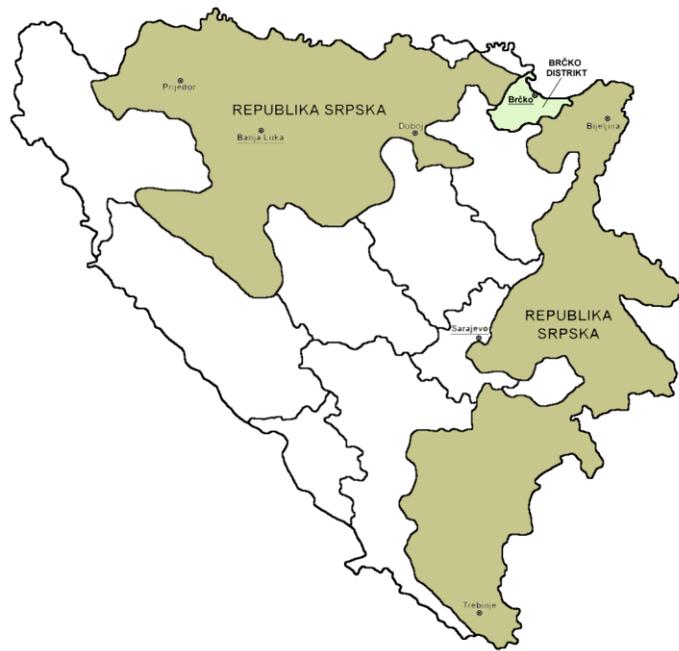


Figure 1: Administrative organization of BiH

¹ Brcko District is a separate administrative unit under the jurisdiction of Bosnia and Herzegovina.

Authorities/institutions at the BiH level have the competence to issue only two permits:

- a) concessions – in the case of inter-entity and inter-state projects, which fall under the competence of the corresponding ministries and BiH Commission for Concessions;
- b) connection to the transmission network which is under the competence of the Transmission Company “Elektroprenos BiH.”

All other permits are issued at the level of Republika Srpska, where the competence for issuing permits is divided between the authorities at the entity and the municipal level.

Generally, electric power facility construction process in the RS is grouped around the three “basic” permits dealing with construction. These are:

- 1) Location Conditions
- 2) Construction Permit
- 3) Use Permit



All other permits and consents are obtained during the process of obtaining one of these three basic permits, and when describing each of these other permits we will also give the name of the institution or the administrative authority responsible for issuing that permit.

Further, this document describes the procedures for exercising the right to incentives for investors producing electricity using renewable sources and highly efficient cogeneration.

Having in mind the administrative organization of BiH and the division of competencies, and in the interest of easier understanding of the permitting procedures, these Guidelines concern only the issuing of permits for construction of electric power facilities in RS. Procedures and permits for FBiH are described in separate Guidelines.

In general, the basic steps the investor needs to undertake before starting the permitting procedures are:

- Identify the competent administrative level and/or the competent authority
- Determine whether a concession is needed for the construction of an electric power facility
- Check the spatial planning documentation in order to identify possible obstacles. Spatial planning documentation is generally examined at the competent authority for physical planning and construction² at the location of the planned energy facility. This information is usually available at the local, municipal Department where the investor can learn all the specific information concerning construction at the desired location, including information on land-use, whether the structure is envisaged in the spatial plans, and the possibility of connection to the utility infrastructure. If the facility is not contained in the spatial planning documentation, or the location is reserved for some other purpose, the investor can consult the competent authorities on how to overcome this problem and how long will it take.

NOTE: The quality of the project documentation has a significant impact on quick and efficient issuing of necessary permits. A large number of issues that usually appear in the later stages of the permitting process is caused by inadequate project documentation.

² Entities, cantons, cities and municipalities all have the authority to develop and adopt spatial planning documents, however, information about these documents is most easily obtained at the local municipal Department where construction is planned.

4. PERMITS AND PROCEDURES FOR CONSTRUCTION OF ELECTRIC POWER FACILITIES IN RS

4.1. SCHEMATIC DIAGRAM DEPICTING PERMITS AND COMPETENT INSTITUTIONS IN RS

The permits required in the electric power facility construction process in RS are depicted on the diagram below.

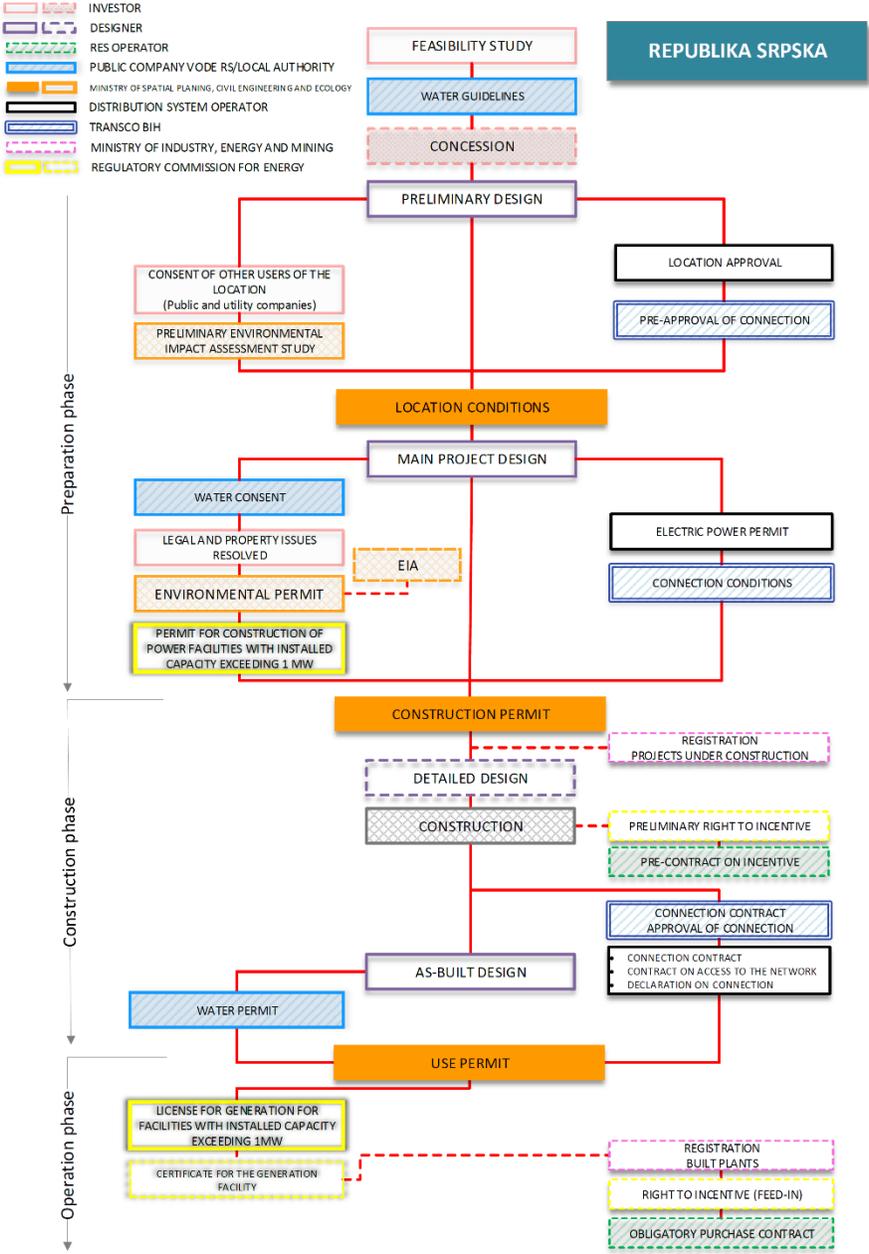


Figure 2: Diagram of all competent authorities and required permits in RS

4.2. LOCATION CONDITIONS

WHAT ARE LOCATION CONDITIONS?

Location Conditions are a technical document defining design and construction requirements.

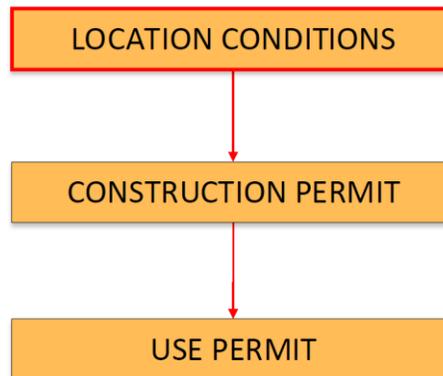
WHO IS COMPETENT FOR ISSUING THE LOCATION CONDITIONS?

Generally, **the Ministry of Spatial Planning, Construction and Ecology** is responsible for issuing Location Conditions for power plants **over 250 kW** and buildings built on the territory of two or more local self-government units.

Local self-government units (cities and municipalities) are responsible for issuing Location Conditions for power plants with installed capacity **below 250kW** on their territory.

IN WHICH PHASE OF CONSTRUCTION ARE THE LOCATION CONDITIONS OBTAINED?

Location Conditions are the first document to be obtained in the energy facility construction process. The diagram below shows the relationship of a location permit with the other two main permits in the construction process.



WHAT SUPPORTING DOCUMENTATION IS SUBMITTED WITH AN APPLICATION FOR LOCATION CONDITIONS?

When filing an application for Location Conditions for construction of a power plant, the investor is required to enclose the following documents:

| | |
|----|--|
| 1. | Zoning requirements or expert opinion if there is no implementing spatial planning document exists, delivered in three copies. |
| 2. | A copy of the cadastral survey map, i.e., an up-to-date survey map for proposed routes for linear infrastructure facilities, certified by the authority responsible for surveys and the cadastre. |
| 3. | Proof of the legality of the existing facility, in case of addition, upgrade or change of the purpose of the existing facility. |

| | |
|----|--|
| 4. | Description of the facility |
| 5. | Approvals for the location of facility envisaged in the zoning requirements issued as per special laws, depending on the type and purpose of the facility, e.g, utility companies managing municipal infrastructure and public utilities managing public infrastructure, if such approvals are not contained in the zoning requirements and if the area of forthcoming construction is not covered by an existing spatial planning document. |
| 6. | A decision determining the obligation to develop an environmental impact assessment and scope of impact assessment, if such assessments are compulsory as per special regulation. |
| 7. | Water Guidelines (if required for the planned facility) |
| 8. | Proof of payment of administrative fee |

All enclosed documents must be originals or a certified copy thereof.

WHAT ARE ZONING REQUIREMENTS?

Zoning requirements are contained in a technical document defining the conditions for the construction and use of buildings and land.

Zoning requirements can only be prepared and produced by a legal person (building designers) licensed for producing spatial planning documents. Information on the licensed building design companies can be obtained through the website³ of the Ministry of Spatial Planning, Construction and Ecology or at the premises of the Ministry.

WHAT DOES A COMPETENT AUTHORITY DO IN THE LOCATION CONDITIONS ISSUANCE PROCEDURE?

Upon receiving an application for issuing Location Conditions from the investor, the competent authority will review whether or not the application and accompanying documents are complete; and if need be, it will request that the investor complete the application or submit additional documents.

The following implementing spatial planning documents serve as the basis for issuing Location Conditions: zoning plans, regulatory plans, urban plans and the subdivision plan. In the absence of an implementing spatial planning document, Location Conditions will be issued based upon an expert opinion and zoning requirements will be developed by an authorized legal entity licensed to produce spatial planning documents.

Location Conditions will be issued within **15 days** following the submission of a complete application.

³ Available at <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mgr/Servisi/Pages/default.aspx>.

HOW LONG ARE LOCATIONS CONDITIONS VALID?

Location Conditions will remain valid until the existing implementing spatial planning document is amended or a new one is adopted. Within **one year** following the issuance of Location Conditions the investor should file a Construction Permit application; otherwise, the investor must obtain a certificate from the competent authority confirming that the circumstances under which Location Conditions were issued have not changed.

CAN A DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

No. An appeal is not allowed against a decision on Location Conditions; but if the permit is not issued within the prescribed time limit, the Investor may file an appeal as if the application was rejected.

The competent urban planning and construction inspection will be responsible for conducting inspection oversight over the issued location permits.

4.3. CONSTRUCTION PERMIT

WHAT IS A CONSTRUCTION PERMIT?

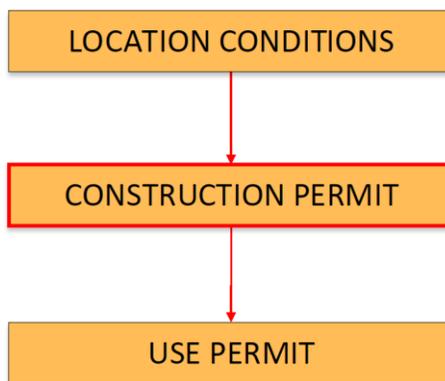
A Construction Permit is an administrative act based on which construction, reconstruction, rehabilitation, upgrading or addition to an existing building can commence.

WHO IS COMPETENT FOR ISSUING THE CONSTRUCTION PERMIT?

Generally, the authority that issued Location Conditions is responsible for issuing the Construction Permit.

IN WHICH PHASE OF CONSTRUCTION IS THE CONSTRUCTION PERMIT OBTAINED?

The diagram below shows the relationship of the Construction Permit with the other two main permits in the construction process.



WHAT SUPPORTING DOCUMENTATION IS SUBMITTED WITH AN APPLICATION FOR A CONSTRUCTION PERMIT?

When filing an application for a Construction Permit for construction of a power plant, the investor is required to enclose the following documents:

| | |
|----|---|
| 1. | Location Conditions |
| 2. | Proof of resolved proprietary and legal matters |
| 3. | Concession or public-private partnership contract, if the construction is part of a concession or public-private partnership project as per special regulations |
| 4. | Three copies of the main design |
| 5. | Approvals concerning design documentation (fire integrity approval, approval issued by JP Putevi, water approval) |
| 6. | Report on technical documents review |
| 7. | Report and proof of recognition of technical documents, if the main design was produced according to the regulations of other countries |
| 8. | Environmental Permit, if required, or a decision approving the Environmental Impact Study |

| | |
|-----|--|
| 9. | Water Consent (if required for the building concerned) |
| 10. | Electric Power Permit or Connection Conditions, depending on the network to which the building is to be connected (transmission or distribution) |
| 11. | Agricultural Approval (if applicable) |
| 12. | Proof of payment of a fee for development of urban construction land and rent (if applicable) |
| 13. | Approval of the RS Institute for the Protection of the Cultural, Historic and Natural Heritage with respect to design documentation (if the power plant is located in a protected area of cultural, historic or natural heritage) |
| 14. | Approval of the Ministry of Agriculture, Forestry and Water Management of Republika Srpska for forestation and permanent change in the use of forest land (if the land is classified in the land registry records as a forest land) |
| 15. | Proof of payment of administrative fee |
| 16. | Other evidence, as needed |

All enclosed documents must be originals or a certified copy thereof.

WHAT SUPPORTING DOCUMENTATION IS CONSIDERED PROOF OF THE RIGHT TO BUILD OR OF OWNERSHIP?

Proof of resolved proprietary and legal matters in Republika Srpska can be:

- an excerpt from the Public Land Registry (Land Registry excerpt and title deed or real estate folio)
- a contract or a decision of the competent authority, which can serve as a basis for the investor to acquire ownership rights or the right to construction
- a joint construction contract concluded with the land or real estate owner
- in case the land is owned by several persons, the Investor is required to submit an excerpt from the Public Real Estate Register and a contract regulating the mutual relations between the Investor and co-owners
- as far as buildings of general interest are concerned, a special decision of the RS Government rendered pursuant to the Expropriation Law, which allows entry to the expropriated real estate prior to a final decision, can serve as a proof of resolved proprietary and legal matters over the land concerned
- in case the concession or the right to perform a public utility service was granted, the proof is the Concession Contract concluded with the RS Government or local community or a Contract on public-private partnership

WHAT DOES THE COMPETENT AUTHORITY DO IN THE CONSTRUCTION PERMIT ISSUANCE PROCEDURE?

Upon receiving an application for a Construction Permit from the investor, the competent authority will review whether or not the application and accompanying documents are complete. If not, it will request that the investor complete the application or submit additional documents.

The main design is an integral part of a Construction Permit, which must be certified by the signature and stamp of the competent authority issuing the Construction Permit.

A Construction Permit will be issued within **15 days** following the submission of a complete Construction Permit application.

NOTE: The investor is obliged to report the beginning of works at least 8 days in advance to the competent construction inspection.

HOW LONG IS THE CONSTRUCTION PERMIT VALID?

If an investor who has been granted a Construction Permit fails to commence the construction works within **three years** from the date of permit validity, the Construction Permit will no longer be deemed valid.

CAN THE DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

A decision rendered by the city or municipal service can be appealed within **15 days** from the date of receipt of the decision. No appeal is allowed against decisions of the Ministry of Spatial Planning, Construction and Ecology, but the investor may initiate an administrative dispute before the Banja Luka District Court within **30 days** from the date of receipt of the decision.

4.4. USE PERMIT

WHAT IS A USE PERMIT?

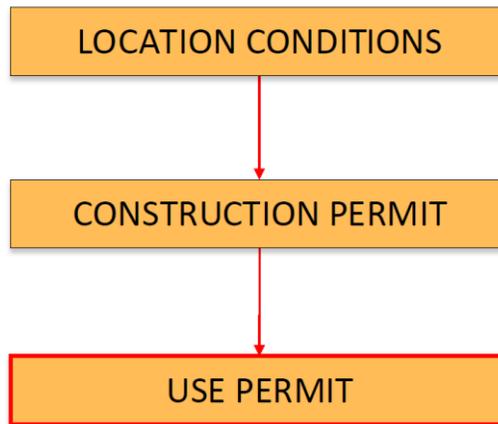
A Use Permit is an administrative act permitting the use, i.e., putting into use, the constructed facility.

WHO IS COMPETENT FOR ISSUING THE USE PERMIT?

Generally, the authority that issued the Construction Permit will be responsible for issuing the Use Permit.

IN WHICH PHASE OF CONSTRUCTION IS THE USE PERMIT OBTAINED?

The diagram below shows the relationship of the Use Permit with other two main permits in the construction process.



WHAT SUPPORTING DOCUMENTATION IS SUBMITTED WITH AN APPLICATION FOR A USE PERMIT?

When filing an application for a Use Permit for construction of a power plant, the investor is required to enclose the following documents:

| | |
|----|--|
| 1. | A Construction Permit with an as-built drawing |
| 2. | Certificate of completed geodetic survey of the facility |
| 3. | Proof of underground installation survey |
| 4. | Approval of as-built drawings, when so required under special regulations: <ul style="list-style-type: none">- Approval of the fire safety measures (if applicable)- Water Permit (if applicable)- Approval of as-built drawings by JP Putevi (if applicable)- Approval of as-built drawings by the RS Institute for Protection of Cultural, Historic and Natural Heritage (if applicable) |

| | |
|----|--|
| 5. | Contractor's statement on the work completion and requirements for the maintenance of the facility |
| 6. | Report of the supervisory body |
| 7. | Energy certificate of the building |
| 8. | Proof of payment of the administrative fee |

All enclosed documents must be originals or a certified copy thereof.

Approval of as-built drawings should be obtained only when required. For example, if the planned energy facility is located within the zone of a protected cultural, historic or natural heritage site, the RS Institute for protection of cultural, historic and natural heritage must approve the as-built drawings and thus confirm that they agree with the as-built design.

WHAT DOES THE COMPETENT AUTHORITY DO IN THE USE PERMIT ISSUANCE PROCEDURE?

A Use Permit may only be issued after a completed technical inception of the facility (official handover). The technical inspection must be carried out by an expert commission formed by the authority that granted the Construction Permit (Municipality, City or Ministry of Spatial Planning, Construction and Ecology) within **three days** from the date of receipt of application for a Use Permit.

The Commission will perform the technical inspection of the facility within **15 days** from the date of a complete Use Permit application.

The size of the expert commission for technical inspection depends on the type and complexity of the facility and the type of works subject to technical inspection, but the Commission shall comprise a minimum of three members.

The competent authority may decide to entrust the technical inspection to a legal person licensed for reviewing or producing technical documents or for construction works, provided that the legal person or employees of that legal person were not involved in the construction works or supervision over the construction works on the facility.

An investor is required to ensure the presence of participants involved in the construction works⁴ during the technical inspection. Also, the investor is required to present the following documents to the Technical Inspection Commission no later than on the day of technical inspection:

- Construction Permit with the main design on the basis of which the permit was granted and an as-built design (if it has been developed)
- proof of quality of works, construction products and equipment

⁴ Participants in the construction process are: investor, construction designer, technical document reviewer, contractor and construction supervisor.

- documents on completed tests and test results concerning bearing capacity, if such testing is required as per special regulations
- a building log book
- a building book, for the facilities for which the investor is contracted to keep such records
- inspection book
- other documents defined under special regulations, depending on the type of facility

The competent authority or legal entity entrusted with conducting a technical inspection will inform the investor, the contractor, the competent urban planning inspection and the expert commission **seven days** before the technical inspection at the latest.

Following the technical inspection of the facility, a record is made in which each member of the commission provides an opinion as to whether the constructed facility can be used or whether certain shortcomings need to be removed prior to issuing the Use Permit.

Within **eight days** following the completion of the technical inspection of the facility the Commission is required to compile a written report on the result of the inspection.

If the report says that no deficiencies were identified or that the identified deficiencies have been removed, the competent authority is required to issue the Use Permit within **eight days** from the date of receiving the report.

If in the course of the technical inspection of the facility certain deficiencies were identified, the competent authority will render a decision ordering the investor to remove them within set time frame. Once the deficiencies are rectified the investor is required to inform the competent authority and present evidence that the deficiencies were rectified.

If all deficiencies have been rectified the competent authority will issue a Use Permit within **eight days** from a repeated technical inspection.

NOTE: The costs of technical inspection will be borne by the investor, i.e., owner of the facility.

HOW LONG IS THE USE PERMIT VALID?

The Use Permit does not have a limited validity period.

CAN THE DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

A decision rendered by the city or municipal service can be appealed within **15 days** from the date of receipt of the decision. No appeal is allowed against decisions of the Ministry of Spatial Planning, Construction and Ecology, but the investor may initiate an administrative dispute before the Banja Luka District Court within **30 days** from the date of receipt of the decision.

4.5. OTHER PERMITS

In addition to basic permits necessary for construction – Location Conditions, Construction Permit and Use Permit – a number of other permits must also be secured for the construction of electric power facilities in the RS, including permits that are issued throughout the process of obtaining basic permits, as well as permits that are unique to the process of constructing electric power facilities.

Below is a description of these special permits, the process of obtaining them and their purpose.

The following special permits and steps in obtaining them will be described in the text below:

- Concessions
- Water Acts (Water Guidelines, Water Consent, Water Permit)
- Environmental Impact Study and/or Environmental Permit
- Connection to the Distribution Grid (Network) and Connection to the Transmission Network
- Permit for construction of power facilities with installed capacity exceeding 1 MW
- License for Electricity Generation Activity
- The procedure of exercising the right to incentives for electricity generation from renewable energy sources and efficient cogeneration
- Registering projects in the appropriate Register of Projects

4.6. CONCESSIONS

WHAT IS A CONCESSION?

A Concession is the right to perform economic activities using public assets, natural resources and other goods of general interest, as well as the right to perform activities of general interest.

This right is granted to an investor for a determined period, for which its pays a concession fee.

Mutual rights and obligations of the conceding authority (concession grantor) and the investor (concessionaire) are regulated in a specific **Concession Contract**.

WHO HAS THE COMPETENCE TO GRANT CONCESSIONS?

Concessions are granted at BiH state level or at entity level of Republika Srpska.

Concessions at the BiH level are granted by the competent ministry or any other competent institution of BiH as determined by the BiH Council of Ministers. A concession is granted for energy facilities at the BiH level in case the facility will be located on the state border (e.g. construction of hydro power plants on border rivers), as well as when the facility will be located on the territory of FBiH and RS.⁵

The Government of Republika Srpska has the competency for granting concessions for energy facilities. The competent authority that conducts the concession granting procedure is the **Ministry of Industry, Energy and Mining of the Republika Srpska (MIEM)** with the approval of the **RS Concessions Commission**.

FOR WHICH ENERGY FACILITIES ARE CONCESSIONS OBTAINED?

In Republika Srpska, concessions are **required** for construction and use of energy facilities of installed power **greater than 250 kW**, as well as for solar power plants with photovoltaic cells on land if installed power is **greater than 250 kW**.

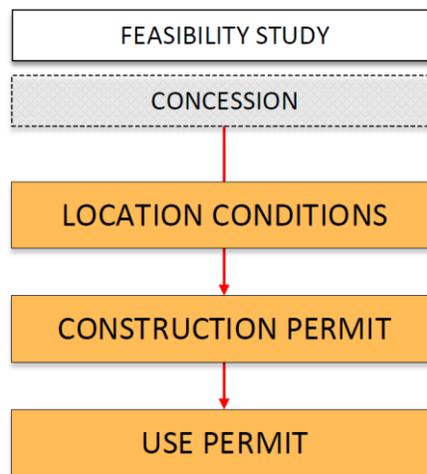
Concessions are **not required** for biomass and biogas energy facilities or for solar plants with photovoltaic cells on existing buildings irrespective of installed power.

⁵ The Law defines the competency of the BiH level for granting concessions in the sectors that are under jurisdiction of Bosnia and Herzegovina, pursuant to the Constitution and laws of Bosnia and Herzegovina and in case it concerns the representation of international subjectivity of Bosnia and Herzegovina, as well as in the cases where concession property extends to the Federation of Bosnia and Herzegovina and the Republika Srpska for providing infrastructure and services, exploitation of natural resources and facilities used for their exploitation, financing, design, construction, rehabilitation, maintenance and/or operation of such infrastructure and all accompanying facilities thereto.

IN WHICH PHASE OF CONSTRUCTION IS A CONCESSION OBTAINED?

If a concession is necessary for a certain energy facility, then this is the first step the investor takes, after having done exploratory works, and before obtaining the Location Conditions.

The RS Law on Concessions does not specify in which phase the concessions should be obtained; however, the provisions of laws on spatial planning and construction stipulate that the concession should be obtained before Location Conditions. The diagram below shows a provisional order for obtaining a concession with respect to Location Conditions, Construction Permit and Use Permit.



WHAT IS THE PROCEDURE OF GRANTING CONCESSIONS FOR ELECTRIC POWER FACILITIES?

There are three types of concession granting procedures in Republika Srpska:

- 1) Initiation of the procedure by a competent authority (public invitation)
- 2) Initiative of an interested party
- 3) Negotiation procedure

WHAT IS THE CONCESSION GRANTING PROCEDURE INITIATED BY A COMPETENT AUTHORITY?

In case of an initiative by a competent authority, the concession is granted through a **public invitation**. The decision to publish the public invitation is made by the RS Government, and the public invitation is published by the **Ministry of Industry, Energy and Mining of Republika Srpska** as the competent authority. The RS Concessions Commission provides approval of the documentation for the public invitation.

Prior to the adoption of the decision and publication of the public invitation, the competent authority holds consultations and obtains necessary opinions for concession granting from other

authorities, state-owned companies and other institutions. Furthermore, an opinion is also obtained from the local self-government unit where the concession activity will take place.

The competent authority then prepares the **concession feasibility study** or asks the bidders in the public invitation to develop and submit this study.

The public invitation for concession granting is published in the Official Gazette of the Republika Srpska, one newspaper available on the entire Republika Srpska territory, and on the websites of the competent authority⁶ and the Concessions Commission of Republika Srpska.⁷

The public invitation contains information as to how to take part in the public invitation and what documents must be submitted. The public invitation must indicate the **deadline and address** for bid submission, as well as the **date, time and place** of bid opening.

Bid opening and evaluation is performed by the RS Concessions Commission which, in not later than **30 days** (exceptionally, in case of a more complex concession subject-matter, the time limit may be longer, but in no case longer than **60 days**) as of the day of bid opening, must submit to the RS Government and the competent authority a report on the conducted procedure including a reasoned ranking-list of bidders and proposal of the decision on selection of the successful bidder and concession granting.

The RS Government (concession grantor) decides on the selection of the successful bidder and concession award not later than **30 days** (in cases of complex concession subject matter, this time limit may be extended for additional **30 days**) as of the day of receipt of the proposal of Decision of the RS Concessions Commission.

The RS Government issues the Decision on the selection of the successful bidder and concession award and publishes it in the Official Gazette of the Republika Srpska and on the website of the competent authority. An **administrative dispute** may be initiated against this Decision.

WHAT IS THE CONCESSION GRANTING PROCEDURE INITIATED BY AN INTERESTED PARTY?

When there is no public invitation published for a certain concession, the investor may launch an initiative for a concession award by submitting an application to the competent authority: the **Ministry of Industry, Energy and Mining of Republika Srpska**.

The initiating concession application must contain:

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|---|
| 1. Basic information about the proponent of the initiative |
|---|

⁶ Ministry of Industry, Energy and Mining of Republika Srpska website: <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mper/Pages/default.aspx>.

⁷ Concessions Commission of Republika Srpska website: <http://koncesije-rs.org/lat/>.

| | |
|----|---|
| 2. | Description of concession subject-matter, location, economic feasibility of the investment, manner of provision of funds, scope of exploitation, description of services and works, and brief description of the preliminary project design |
| 3. | Excerpt from spatial planning documents and excerpt from public records of real estate (cadastre and land registry entry) |
| 4. | Manner of resolution of propriety and legal matters |
| 5. | Other elements, depending on the subject-matter of concession |

Along with an initiative for a concession award, the investor may also submit a **concession feasibility study**, but this is not obligatory, since the competent authority holds talks with other competent authorities and institutions based on the provided information. After the public invitation is published, the investor who submitted an initiative for concession award must also submit its offer along with the concession feasibility study. The technical solution from this offer will have to be corrected upon the request from a competent authority or a public company.

Following the receipt of the application, the competent authority holds consultations and obtains necessary opinions from other authorities, local community and state-owned companies within **60 days** as of the day the initiative has been submitted.

When the competent authority, based on all the above data, determines that the public interest for concession granting does exist, the concession granting continues in a public invitation procedure, and the submitter of the unsolicited proposal is invited to take part in that procedure.

The investor who submitted the unsolicited proposal is awarded a bonus for the proposed solution amounting to **10%** per every bid evaluation criterion.

WHAT IS THE NEGOTIATION PROCEDURE?

A negotiation procedure for concession granting is a special procedure which is conducted exceptionally in specifically stipulated cases:

- 1) When the bidder is a state-owned company performing an activity of general interest, the activity of which is a concession subject-matter in accordance with the Law,
- 2) In case of implementation of agreements concluded by the Government or state-owned companies, which relate to the achievement of the concession subject-matter in accordance with the Law
- 3) In case of extension of the time limit for which the concession was granted

In the above cases, the negotiation procedure starts by submission of a proposal for concession granting, **including the concession feasibility study**, by an interested bidder.

The RS Government defines minimum technical, economic and financial, legal and other requirements by a decision which is mandatory for the competent authority, as well as a deadline for conducting the negotiation procedure.

Before the start of the negotiation procedure, the RS Concessions Commission provides prior consent to the submitted feasibility study for the given concession.

The competent authority has **60 days** as of the day of completion of the negotiation procedure to submit to the RS Government a report on the negotiation procedure, a proposal of the decision on concession granting and a proposal of concession contract. The RS Concessions Commission provides its consent to the proposed Concession Contract.

WHAT IS A CONCESSION FEASIBILITY STUDY?

A Concession feasibility study contains technical, financial, economic, ecological and legal analysis, based on which the feasibility of granting a concession is assessed.

A feasibility study may be developed by a legal person having an appropriate design approval/license; the legal person is liable for the accuracy of data presented in the study.

In particular, the feasibility study should have the following content:

| | |
|-----------|---|
| 1. | Introduction: investment objectives, data on the investor and study authors, brief overview of basic elements and findings of the feasibility study |
| 2. | Description of the facility: facility location, facility function, importance in a system or network, planned life of the facility |
| 3. | Assessment of developmental capabilities of the investor: general data on the investor (title, place of business, activity, references), analysis and assessment of prior business development |
| 4. | Analysis of the sales market: basic characteristics of products or services: demand analysis, offer analysis, assessment of possible sale |
| 5. | Overview of project design: production or services program, project design development process, overview of the technological project, overview of the architectural and construction design, overview of installations design (electrical, thermal, hydro, gas or other) |
| 6. | Analysis of procurement market: description and characteristics of necessary inputs, data on production and input consumption in the RS and internationally, forecast of input procurement possibilities, assessment of input substitution possibilities, purchase price forecast |
| 7. | Space and location aspects: harmonization with spatial and urban plans, consequences of displacement and expropriation, spatial consequences of separating the location, spatial and urban development impact, macro-location analysis, micro-location analysis, selection of location and assessment of its suitability |
| 8. | Environmental and health and safety analysis: analysis of environmental impact of the investment, proposal of measures for environment protection, ecological suitability assessment, analysis of production impact on workers, proposal of health and safety measures |

| | |
|-----|--|
| 9. | Analysis of organizational and staff aspects: macro-organization proposal, organization and functioning of production and other functions, staffing, training, specialization and professional development, ensuring the retention of existing staff |
| 10. | Analysis of project feasibility and project implementation dynamics: analysis of the potential for project implementation, phases and stages of project implementation, project implementation schedule, investment dynamics based on the schedule, purpose-based investment dynamics, project implementation organization and management system |
| 11. | Economic and financial analysis: estimates of necessary investment into fixed and working assets, sources of financing and liabilities to the sources, business result calculations (total revenues, material costs, depreciation, salaries, etc.), project income statement, project cash flow, project economic flow, project social flow |
| 12. | Financial (commercial) assessment: static assessment (efficiency and capacity indicators), dynamic assessment (net current value, unit net current value, internal profitability rate, return deadline, liquidity assessment) |
| 13. | Social assessment: social net current value, economic income rate, employment impact, discounted net foreign currency effect, qualitative indicators, cost-benefit analysis |
| 14. | Uncertainty assessment, static assessment (project profitability threshold method), dynamic assessment (sensitivity analysis, probability analysis) |
| 15. | Conclusion: concluding remarks, concluding project assessment |

WHAT IS A CONCESSION FEE?

A Concession fee is paid by the investor for the right to perform concession related activities.

The concession fee comprises:

- 1) Fee for the granted right paid once upon conclusion of the concession contract
- 2) Concession fee for the use of power facilities paid once the power facility is in commercial operation

Concession fee is expressed as percentage of kilowatt-hour of generated electricity.

WHAT IS THE DURATION OF CONCESSION?

The duration of concession is determined by the Concession Contract but it may not, according to the law, exceed **50 years**.

The concession duration may only be extended in a negotiated procedure, provided that the total duration does not exceed 50 years.

4.7. WATER ACTS

WHAT ARE WATER ACTS?

Water Acts prescribe the way in which the right to use water can be exercised. These are administrative documents that are issued at the request of the investor in the form of a decision or conclusion addressing certain activities that may have an impact on water (e.g., water intake, waste water discharge, use of water for power generation).

There are three types of Water Acts that an Investor needs to obtain if the planned facility is to undertake any activity that may have an impact on the waters. These are:

- 1) Water Guidelines
- 2) Water Consent
- 3) Water Permit

WHAT ACTIVITIES ALWAYS REQUIRE WATER ACTS?

If any of the activities listed in the table below are to be carried out in the planned facility, the investor is required to obtain Water Acts.

| | |
|-----|--|
| 1. | Water intake in all economic sectors and activities, and in particular: <ul style="list-style-type: none">- Industry and energy- Agriculture- Water supply- Service activities which use water in their technological process- Tourism activities |
| 2. | Discharge of waste water into surface water |
| 3. | Artificial recharge of groundwater |
| 4. | Dislocating and extracting material from watercourses |
| 5. | Building facilities to exploit hydro-power |
| 6. | Permanent raising of water levels, which results in flooding |
| 7. | Construction of flood protection structures |
| 8. | Construction of roads (roadways and railways), including forest roads |
| 9. | Construction of a bridge or any other structure above a watercourse, next to it, in a watercourse or in floodplains |
| 10. | Construction or development of landfills |
| 11. | Launching a concession award procedure |
| 12. | Transport of hazardous substances as well as products of these substances, which after their use enter into waters |

In addition to the activities listed in the table above the water regulation documents are also issued for the types of activities that can:

| | |
|----|--|
| 1. | Temporarily or permanently distort the quality of water or hinder the improvement of its existing quality |
| 2. | Adversely affect aquatic and semi-aquatic ecosystems |
| 3. | Increase the risk of flood or erosion |
| 4. | Significantly reduce water quality, change watercourse morphology, interfere with the use of surface waters for recreation, etc. |

WHO IS COMPETENT FOR ISSUING WATER ACTS?

Authorities responsible for issuing Water Acts are **Javna ustanova Vode Srpske [Public Utility Company Srpska Water]** and **local self-government units (cities and municipalities)**.

Public company Vode Srpske is responsible for issuing Water Acts for the following activities:

| | |
|----|--|
| 1. | Water intake of five liters and more per second |
| 2. | Discharge of communal wastewaters |
| 3. | Discharge of technological wastewater into surface waters |
| 4. | Artificial recharge of ground waters |
| 5. | Hydro-power plants |
| 6. | All accumulations in the territory of Republika Srpska |
| 7. | Dislocation and extraction of material from watercourses |
| 8. | Construction of flood protection structures and other water protection structures |
| | In addition, the public company Vode Srpske is responsible for activities that can: |
| 9. | <ul style="list-style-type: none"> - temporarily or permanently distort the quality of water or hinder the improvement of its existing quality - adversely affect aquatic and semi-aquatic ecosystems - increase the risk of flood or erosion - significantly reduce water quality, change watercourse morphology, interfere with the use of surface waters for recreation, etc. |

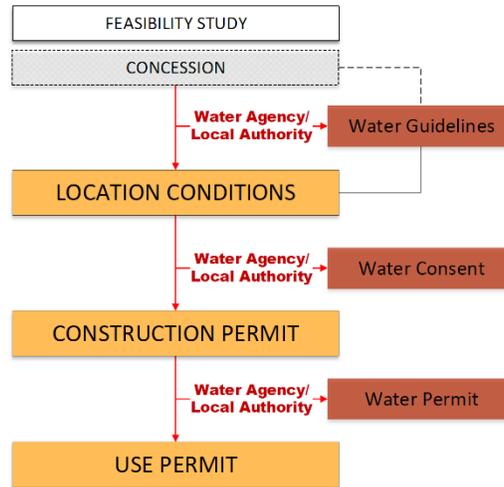
Local self-government (cities and municipalities) are responsible for issuing Water Acts for activities other than those listed in the table above.

IN WHICH PHASE OF CONSTRUCTION ARE WATER ACTS OBTAINED?

Water Guidelines are obtained in the concession award procedure, before issuance of Location Conditions (if Water Acts are required). In the concession award procedure, the Water Guidelines are obtained *ex officio* by the concessionaire, who later assigns them to the investor.

The Water Consent is obtained prior to obtaining a Construction Permit and is submitted together with an application for the Construction Permit.

The Water Permit is obtained prior to obtaining a Use Permit and is submitted together with an application for the Use Permit. The diagram below shows the phase and the sequence of issuing water acts in relation to the Location Conditions, Construction Permit and Use Permit.



Below is a description of each of these three permits along with the steps that an investor has to undertake to obtain them.

4.7.1. WATER GUIDELINES

WHAT ARE WATER GUIDELINES?

Water Guidelines are an administrative act stipulating the conditions for the design documents for construction of new facilities, reconstruction or removal of existing facilities and other activities that may have a permanent, temporary or occasional impact on waters.

NOTE: The authorities responsible for granting concessions are required to obtain Water Guidelines prior to concession award procedure and to assign them to the investor to whom the concession is granted. The investor is then required to obtain other Water Acts (Water Consent and Water Permit).

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR THE WATER GUIDELINES?

The application for water guidelines should be submitted on the prescribed form.⁸ Along with the application, the following supporting documents must be enclosed:

⁸ JU Vode Srpske have developed and published an application form for Water Guidelines, available at: <http://www.voders.org/propisi-i-obraci/obraci/?lang=lat>.

| | |
|----|--|
| 1. | A copy of the ID card or the Registration Decision, if the Applicant is a legal entity |
| 2. | A copy of cadastral plan, land registry folio/list of real estate and a title deed |
| 3. | Urban and technical requirements, concept design and features of the facility |
| 4. | Proof of ownership or the right to use land |
| 5. | Proof of payment of administrative fee |

WHAT DOES THE COMPETENT AUTHORITY DO IN A WATER GUIDELINES ISSUANCE PROCEDURE?

Upon receiving the application submitted by the Investor the competent authority will review whether or not the application is complete. If a certain document is missing or if certain action needs to be taken, the competent authority will invite the Investor in writing to complete the application, rectify deficiencies or perform the required action.

If the application is complete and if all supporting documents are attached to it the competent authority will inform the interested parties and general public by posting a notice on its notice board and by advertising it in the media; and in the case of inter-Entity impact, the competent authority will publish the announcement in at least two media outlets available in the territory of Republika Srpska and the Federation of BiH.

The interested parties may provide comments on the planned construction within **30 days**.

If it is deemed necessary, a public hearing can be organized in the process of issuing water guidelines.

The investors are entitled to respond to comments and opinions of the competent authority as well as to remarks and opinions delivered by interested parties in the public consultation process.

Water guidelines are issued in the form of a **conclusion within 30 days** from the receipt of a complete application.

FOR HOW LONG ARE WATER GUIDELINES VALID?

If the investor obtained Water Guidelines for a facility or works, but has not yet filed an application for the Water Consent, the Water Guidelines expire after **one year** from the date of their issuance, unless the investor obtains Location Conditions in the meantime.

CAN THE DECISION OF THE COMPETENT INSTITUTION BE APPEALED?

No. Water guidelines are issued in the form of a conclusion, against which no special appeal is allowed.

Local self-governance unites (cities and municipalities) have also developed and published their own application forms which are available on their respective websites.

4.7.2. WATER CONSENT

WHAT IS A WATER CONSENT?

A Water Consent is an administrative document confirming that the technical documents attached to the Water Consent application are produced in accordance with Water Guidelines, water regulations and planning documents.

A Water Consent is required for construction of a new facility, reconstruction or removal of the existing facilities if they can affect water quality and quantity, i.e., if they can permanently, temporarily or occasionally cause changes in the water regime.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR A WATER CONSENT?

A water approval application should be submitted on the prescribed form.⁹ Along with the application the following supporting documents must be enclosed:

| | |
|----|---|
| 1. | A copy of the ID card or the Registration Decision, if the Applicant is a legal entity |
| 2. | A copy of the cadastral plan, land registry folio/list of real estate and a title deed |
| 3. | Location Conditions |
| 4. | Technical documents (main design and detailed design) |
| 5. | Proof of payment of administrative fee |
| 6. | Other documents at the request of competent authority |

WHAT DOES THE COMPETENT AUTHORITY DO IN A WATER CONSENT ISSUANCE PROCEDURE?

Upon receiving the application by the investor, the competent authority will review whether or not the application is complete. If a certain document is missing or if certain action needs to be taken, the competent authority will invite the investor in writing to complete the application, rectify deficiencies or perform the required action.

If a Water Consent is requested for construction of a power plant on a watercourse for which there are studies or previous surveys, the competent authority will verify if all investment and technical documents have been produced in accordance with the requirements set in The Water Guidelines, water regulations and planning documents for the waters in the construction location.

⁹ JU Vode Srpske has drawn up an application form for issuing water guidelines and they recommend its use. The application form is available at: <http://www.voders.org/propisi-i-obrasci/obraci/?lang=lat>. Local self-government units (cities and municipalities) have also produced their own application forms, which are available on their websites.

If a power plant is to be constructed on an unstudied watercourse, the investor is required to make a hydraulic analysis of the impact of the facility on high water levels in the existing and future regulated river basin in order to obtain the Water Consent.

If the design documents are in order, the Water Consent will be issued, and if there is any deficiency, the competent authority will invite the investor to rectify the deficiency within a set timeframe.

If the design documents for construction or other activities are not produced in accordance with the issued Water Guidelines the competent authority will issue a decision rejecting the application as incomplete.

The Water Consent is issued in the form of a decision within **30 days** of the date of completing the application.

HOW LONG IS A WATER CONSENT VALID?

A Water Consent is valid for **one year** from the date of issuance, within which time the investor must obtain a Construction Permit and commence the works on the facility. If the Water Consent is issued with respect to a certain facility, it will be valid until the **date of issue** of a Water Permit, if such permit is required, or until the renewal of the approval.

CAN A DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

Yes. The Decision of the competent authority may be appealed within **15 days** of receipt of the decision, or an administrative dispute may be initiated with respect to such decision within **30 days** of receipt of the decision.

4.7.3. WATER PERMIT

WHAT IS A WATER PERMIT?

A Water Permit is an administrative document defining the purpose, method and conditions for water exploitation, water regime of the facility and plant and the conditions for discharge of wastewater, solid and liquid waste.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR A WATER PERMIT?

The application for a water permit should be submitted on the prescribed form.¹⁰ Along with the application, the following supporting documents must be enclosed:

¹⁰ JU „Vode Srpske“ have drawn up an application form for issuing water guidelines and they recommend their use. The application form is available at: <http://www.voders.org/propisi-i-obrasci/obrasci/?lang=lat>. Local self-government units (cities and municipalities) have also produced their own application forms, which are available on their websites.

| | |
|----|---|
| 1. | A copy of the ID card or the Registration Decision, if the Applicant is a legal entity |
| 2. | Construction Permit or Use Permit (for the existing facility) |
| 3. | Water Consent |
| 4. | Documents proving that the requirements set in the water approval and general conditions stipulated in laws and regulations have been met |
| 5. | Proof of payment of administrative fee |
| 6. | Other documents at the request of competent authority |

WHAT DOES THE COMPETENT AUTHORITY DO IN A WATER PERMIT ISSUANCE PROCEDURE?

Upon receiving the application by the investor, the competent authority will review whether or not the application is complete. If a certain document is missing or if certain action needs to be taken, the competent authority will invite the investor in writing to complete the application, rectify deficiencies or perform the required action.

In the water permitting process the competent authority will conduct an on-site inspection of the facility and check compliance with the requirements set in the previously issued Water Act.

The Water Permit is issued in the form of a decision within **30 days** of the submission of a complete application.

HOW LONG IS THE WATER PERMIT VALID?

A Water Permit is valid for a maximum of **15 years** from the date of issuance. If a Water Permit is issued for a period longer than 5 years, the set conditions will be reviewed after each fifth year. The review will be initiated *ex officio*.

CAN A DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

Yes. A Decision by the competent authority may be appealed within **15 days** of receipt of the decision.

4.8. ENVIRONMENTAL PROTECTION

Construction of power plants may have an adverse impact on the environment and human health. The purpose of environment-related administrative procedures is to prescribe the measures targeted to remove or reduce to a minimum such adverse effects.

In Republika Srpska environmental protection is ensured through two procedures:

- 1) Environmental Impact Assessment procedure
- 2) Environmental Permit issuance procedure

These two procedures are often interconnected and, depending on the type of power facility, an investor will have to go through one or both of them. Below is a description of both procedures as well as an explanation of the required supporting documents and steps that the investor has to go through.

4.8.1. ENVIRONMENTAL IMPACT ASSESSMENT

WHAT IS AN ENVIRONMENTAL IMPACT ASSESSMENT?

An Environmental Impact Assessment is the process of identifying, describing and appropriately assessing, in each individual case, the direct and indirect impact of a project on: humans, plants and animals, land, water, air, climate and landscape, material goods and cultural heritage, and the interaction of all these factors.

WHO IS COMPETENT TO CONDUCT AN ENVIRONMENTAL IMPACT ASSESSMENT?

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska is responsible for conducting environmental impact assessments.

WHICH FACILITIES REQUIRE AN ENVIRONMENTAL IMPACT ASSESSMENT?

There are different categories of power facilities (in terms of size and impact) that require an environmental impact assessment:

- 1) Facilities subject to a mandatory environmental impact assessment
- 2) Facilities for which the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska decides whether or not they require an environmental impact assessment using the prescribed criteria
- 3) Facilities referred to in points 1) and 2), if there are any significant changes or if they ceased their operations

Power facilities subject to mandatory environmental impact assessment are:

| | |
|----|---|
| 1. | Thermal power plants and other combustion plants with a capacity of 50 MW or more |
| 2. | Hydroelectric power plants with a 5 MW output or more for individual facilities |
| 3. | Overhead power lines of 200kV or more, with a total length of 15 km or more |
| 4. | Installations using nuclear fuel, including enrichment, storage and processing of spent nuclear fuel |
| 5. | Waste co-incineration plants |
| 6. | Hydro-engineering installations for transferring water from one river basin to another and water retention dams with a capacity of over 10 million cubic meters, if such installations are used for power generation |

Power facilities for which the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska decides whether or not they require an environmental impact assessment are:

| | |
|----|---|
| 1. | Industrial installations for generation of power, water vapor and hot water with a capacity of 20 MW or more |
| 2. | Industrial equipment for the transmission of gas, water vapor and hot water – the cogeneration process – if they are not part of projects subject to a mandatory EIA |
| 3. | Overhead power lines of 110 kV or more, with a total length of 15 km or more |
| 4. | Wind farms |
| 5. | Hydro power plants not included in the projects subject to a mandatory EIA (hydro power plants below 5 MW) |
| 6. | Dams and other water retention structures not included in the projects subject to a mandatory EIA, if they are used for power generation |

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska may decide to conduct an environmental impact assessment with respect to installations whose capacity is below the thresholds indicated in the table above, if it deems that such projects could have a significant impact on the environment – with regard to the environmental sensitivity and special environmental protection measures for cross-border projects.

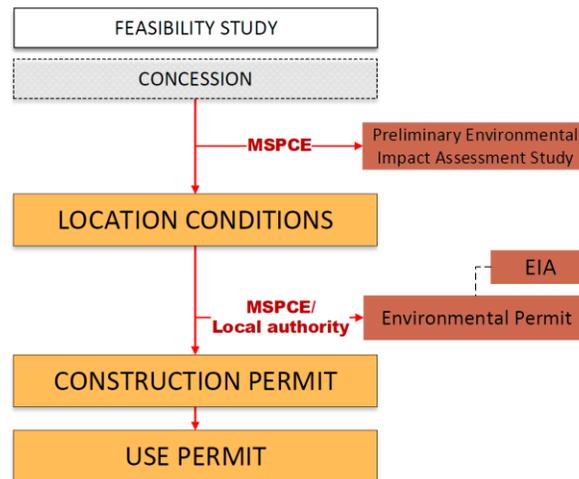
IN WHICH PHASE OF CONSTRUCTION IS THE EIA CONDUCTED?

An Environmental Impact Assessment is carried out in two stages:

- 1) Preliminary Environmental Impact Assessment, which is undertaken to identify:
 - a) Whether the conduct of a full EIA is required, and
 - b) The scope of the EIA, if it is required
- 2) Environmental Impact Assessment, during which an EIA Study is conducted and reviewed

Generally, the Preliminary EIA is conducted prior to obtaining Location Conditions, while the full EIA (EIA Study) is conducted after obtaining Location Conditions but before obtaining the Construction Permit.

The diagram below shows the phase and sequence of steps for conducting the Environmental Impact Assessment in relation to the Location Conditions, Construction Permit and Use Permit.



WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION TO CONDUCT AN EIA?

An Environmental Impact Assessment procedure is initiated by filing an application for a Preliminary Environmental Impact Assessment.

Along with the application for a Preliminary Environmental Impact Assessment, the following documents should be attached:

| | |
|----|---|
| 1. | Project description, including information about its location, purpose and size |
| 2. | Description of possible environmental impacts of the project in the course of its construction and during its use |
| 3. | Description of the measures envisaged to prevent, reduce or eliminate adverse environmental impacts of the project |
| 4. | A brief overview of the alternatives considered by the Investor and the reasoning behind the chosen solution in light of the environmental impacts |
| 5. | An excerpt from the spatial planning document |
| 6. | Information on possible difficulties encountered in the data collection process by the investor |
| 7. | Non-technical summary of all information provided above |

WHAT DOES THE COMPETENT AUTHORITY DO IN THE EIA PROCEDURE?

Upon receiving the investor's application for a preliminary EIA with all necessary information attached to it, the competent authority will review whether or not the application is complete.

If necessary, the competent authority will invite the investor to submit additional information or documents needed to decide whether or not an EIA is required and if so, what the scope of it will be.

If the application is complete, the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska will share a copy of the request and supporting documents with other institutions and authorities for their consideration and opinion. The deadline for giving an opinion is **30 days**.

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska decides on the application by rendering a special **Decision** establishing either that the investor should conduct **a full EIA** by carrying out **an Environmental Impact Assessment Study** (in this case the Decision also gives the content and the scope of the Study) or that the EIA and the EIA Study are not required.

The deadline for the Decision is **60 days** from the date of receipt of a duly submitted application for a Preliminary Environmental Impact Assessment.

If carrying out an EIA study is required, the investor is given **a six-month** deadline to submit a request to an authorized legal entity to prepare the EIA Study for the activities determined in the Location Conditions and the Decision determining the obligation to conduct the full EIA.

The investor and the legal entity authorized to produce the Study agree on the deadline and the fees for producing the Study.

After the Study is finished, the investor must submit two hard copies and four electronic copies of the study to the Ministry of Environmental Protection, together with a Request for approval of the EIA study within **30 days**.

The investor is also required to notify the public. The investor must notify the public and all interested parties within **15 days** of the submission of the Request for Approval of the EIA Study by publishing the notification in one of the daily papers in Republika Srpska that is available in the local community in which the facility is planned to be built.

The notification should contain:

- Basic information on the Request
- Summary of contents and conclusions of the EIA Study

- Time and place where free public access to the Request and the EIA Study is available
- The scheduled time and place for holding a public hearing on the EIA Study
- The deadline for submitting written opinions on the Request and the EIA Study
- Address to which written opinions can be delivered
- Pertinent facts whether the project could possibly have an impact on the environment of the other Entity or Brcko District.

Following the publication of the notification of public consultations in daily newspapers, the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska will also post the notification on its web site, where it will stay until the expiry of the deadline for submitting comments and opinions.

The investor is also required to provide the interested parties access to the Request for approval of the EIA Study and the EIA Study in the local self-governance unit (city or municipality) in which the planned power plant will be constructed.

Further, the investor is required to organize a public hearing no later than **60 days** from the date of submission of the Request for approval of the EIA Study. A public hearing must be scheduled and then published in a daily newspaper at least **15 days** before the date of public hearing. The public hearing is organized in the local city or municipality where the facility will be constructed.

A representative of the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska is required to attend and lead the public debate.

The investor is required to prepare and submit Minutes from the public hearing to the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska within **8 days** following the completion of the hearing.

Interested parties may submit written comments concerning the Study to the investor within **30 days** from the date of the public hearing. The investor is required to share with the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska the received observations regarding the Request and the EIA Study, as well as its preliminary expert opinion regarding the received comments within **15 days**.

The Ministry of Environmental Protection then provides its assessment of the received observations and expert opinion and, if necessary, gives a deadline to the investor, which cannot be longer than **60 days**, to complement the study and submit a final version of it to the Ministry.

The next step in the study approving process is a review of the EIA Study. The Investor must commission an authorized legal entity (reviewer) to conduct a review of the EIA Study. The reviewer will produce a review report for the investor, which will include a professional

assessment of the EIA Study, comments concerning the quality and completeness of the Study and instructions for remedying the identified deficiencies.

Once the EIA Study is reworked, following the remarks and instructions provided in the review report, the investor is required to submit a final version of the EIA Study to the Ministry, along with reviewer's certificate of compliance with the review report.

Finally, the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska issues a **Decision on approving the Study** within **60 days** of receiving the final version of the EIA study.

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska will issue a **Decision rejecting the study** if:

- it is determined that the project could have a significantly adverse impact on the environment, i.e., that the project could significantly jeopardize the environment
- it is determined that the project does not comply with the environmental protection plan at inter-Entity and Entity level
- it is established that the project is not in line with the international obligations of Bosnia and Herzegovina
- it is determined that the Environmental Impact Study has not been produced or revised in accordance with the Law.

NOTE: The cost of notifying the public, including the organization of public debates as well as the costs of review of the Environmental Impact Study are borne by the investor.

FOR HOW LONG IS THE DECISION ON APPROVING EIA VALID?

The Decision approving the EIA Study ceases to be valid within **2 years** from the date of receipt of the Decision, unless the investor obtains the Construction Permit.

Exceptionally, the Decision approving the EIA Study may be extended at the investor's request for another year due to the untimely response of other authorities.

CAN THE DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

No. Decisions issued by the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska are final and may not be appealed, but an administrative dispute may be initiated before the competent District Court in Banja Luka within **30 days** of the receipt of the Decision.

4.8.2. ENVIRONMENTAL PERMIT

WHAT IS AN ENVIRONMENTAL PERMIT?

The Environmental Permit is a special administrative document ordering the investor to take measures to prevent or reduce harmful emissions into the air, water and land and prevent waste generation in order to ensure a high level of environmental protection.

WHO IS COMPETENT FOR ISSUING AN ENVIRONMENTAL PERMIT?

Authorities responsible for issuing environmental permits are:

The Ministry of Spatial Planning, Construction and Ecology of Republika Srpska and the competent services of local cities or municipalities.

WHICH FACILITIES REQUIRE AN ENVIRONMENTAL PERMIT?

The Ministry of Physical Planning, Construction and Ecology of Republika Srpska is responsible for issuing environmental permits for the following power generation plants:

| | |
|-----|--|
| 1. | Thermal power plants and other combustion plants with a capacity of 50 MW or more |
| 2. | Hydroelectric power plants with a 5 MW output or more for individual facilities |
| 3. | Overhead power lines of 200kV or more, with a total length of 15 km or more |
| 4. | Installations using nuclear fuel, including enrichment, storage and processing of spent nuclear fuel |
| 5. | Waste co-incineration plants |
| 6. | Hydro-engineering installations for shipping water from one river basin to another and water retention dams with a capacity of over 10 million cubic meters, if such installations are used for power generation |
| 7. | Industrial installations for generation of power, water vapor and hot water with a capacity of 20 MW or more |
| 8. | Industrial equipment for the transfer of gas, water vapor and hot water – the cogeneration process, if they are not part of the projects subject to a mandatory EIA |
| 9. | Dams and other water retention structures not included in the projects subject to a mandatory EIA, if they are used for power generation |
| 10. | Thermal power plants with a thermal capacity of 10 MW or more |
| 11. | Internal combustion engines with a 2MW capacity or more |
| 12. | Electric power transmission equipment using overhead power lines of 220 kV and 110 kV, the length of which is less than 15 km |
| 13. | Substations and switchgears of 220 kV and above |
| 14. | Installations below the thresholds indicated in this table, for which the Ministry decided that an EIA is required since such project could have a significant impact on the environment |

Cities and municipalities are responsible for issuing environmental permits for power plants whose capacities are below the thresholds listed in the table above.

For projects that, due to their nature, size or location, can have a significant impact on the environment, prior to applying for an environmental permit, an Environmental Impact Assessment has to be carried out.

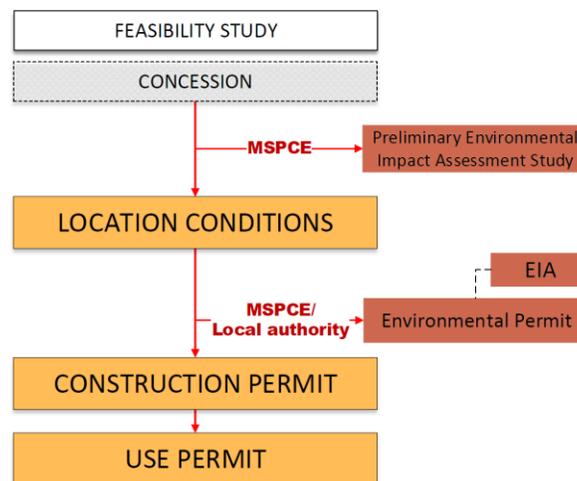
In addition, an environmental permit is not issued for the following plants, which must undergo only an Environmental Impact Assessment according to the Ministry's assessment:

| | |
|----|---|
| 1. | Hydro power plants with installed capacity below 5 MW |
| 2. | Wind farms regardless of the installed capacity |
| 3. | Power lines of 110 kV or more, with a total length of 15 km or more |

IN WHICH PHASE OF CONSTRUCTION IS THE ENVIRONMENTAL PERMIT OBTAINED?

The Environmental Permit is obtained after the Environmental Impact Assessment procedure (if required) and prior to obtaining the Construction Permit.

The diagram below shows the phase in which the Environmental Permit is obtained and the sequence of this step in relation to the Location Conditions, Construction Permit and Use Permit.



Below is a description of **the environmental permitting** process.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR AN ENVIRONMENTAL PERMIT?

The investor prepares an application for an Environmental Permit. Evidence attached to the application should be prepared by a legal person authorized by the Ministry of Spatial Planning,

Construction and Ecology of Republika Srpska to conduct activities in the area of environmental protection.

The application for an Environmental Permit should contain:

- 1) Information on the plant (name, headquarters, telephone number, e-mail)
- 2) Information on the person responsible for the plant
- 3) Information on the location of the plant (name of the local city or municipality where the plant is located, including information on the cadastral municipality)

Evidence attached to the environmental permit application must be originals, duly signed and submitted in two hard copies and one electronic copy. The evidence will be prepared by the authorized legal entities that qualify for conducting activities in the field of environmental protection.

The following evidence must be attached to the application:

| | |
|------------|--|
| 1. | Description of the plant and activities |
| 2. | Description of basic and ancillary raw materials, other substances and energy used or produced by the plant |
| 3. | Description of emission sources from the plant |
| 4. | Description of the site where the plant is located |
| 5. | Description of the nature and quantity of planned emissions from the plant in all parts of the environment (air, water, soil) and identification of significant environmental impacts |
| 6. | Description of proposed measures, technologies and other techniques for preventing and/or reducing the emissions from the plant |
| 7. | Description of other measures to ensure compliance with the principal obligations of the Investor, especially after shutting down the plant |
| 8. | Description of measures planned for monitoring the emissions into the environment |
| 9. | Description of alternative solutions in relation to the proposed location and technology |
| 10. | Waste Management Plan |
| 11. | Attachments: Location Conditions, Water Consent, an excerpt from the planning document, summary of technology design for generation facilities, concession contract, etc. |

NOTE: In cases where an Environmental Impact Assessment is carried out for a new electric power plant or for significant changes to existing power plants, all information gathered in the Environmental Impact Assessment procedure is also submitted with the application for an Environmental Permit.

WHAT DOES THE COMPETENT AUTHORITY DO IN THE ENVIRONMENTAL PERMIT ISSUANCE PROCEDURE?

Upon receiving the investor's Environmental Permit application, the competent authority reviews whether or not the application is complete.

If need be, the competent authority will invite the investor to submit additional information of documents required for deciding on the Environmental Permit application.

If the application is complete, the competent authority will so inform the public and interested parties by publishing a notification in one of the daily newspapers in Republika Srpska at investor's expense. The city or municipality in whose territory the power installation is located will provide free of charge access to the Environmental Permit application and documents attached to it.

Interested parties may submit to the competent authority their opinions on the project and attached documents in writing within **30 days** from the date of publication of the notification.

The competent authority is required to issue an Environmental Permit within **60 days** of a duly submitted application.

HOW LONG IS THE ENVIRONMENTAL PERMIT VALID?

The Environmental Permit is valid for a maximum of **5 years**, after which the investor is required to request its review.

CAN THE DECISION OF THE COMPETENT AUTHORITY BE APPEALED?

No. Decisions issued by the Ministry of Spatial Planning, Construction and Ecology of Republika Srpska are final and may not be appealed, but an administrative dispute may be initiated before the competent District Court in Banja Luka within **30 days** of the receipt of the Decision.

Decisions of the local city or municipality may be appealed **within 15 days** of the receipt of the Decision.

4.9. CONNECTION TO THE ELECTRICITY NETWORK

Depending on the technical characteristics and the location of the facility, generation facilities are connected either to the distribution network or the transmission network.

4.9.1. CONNECTION TO THE TRANSMISSION NETWORK

The investor needs to complete the following steps in order to connect to the transmission network:

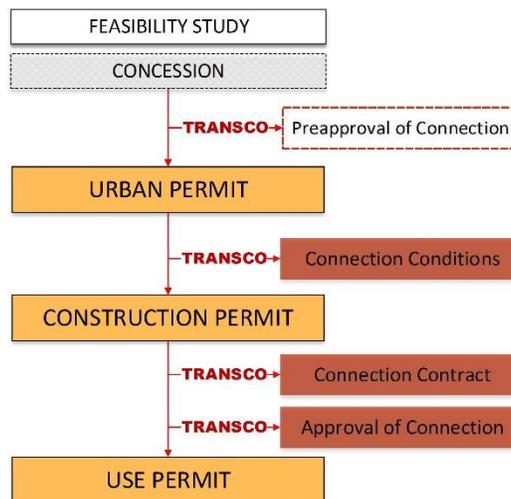
- 1) Obtain a Pre-Approval of Connection
- 2) Obtain the Connection Conditions
- 3) Conclude a Connection Contract
- 4) Obtain an Approval of Connection

WHO IS COMPETENT FOR APPROVING THE CONNECTION TO THE TRANSMISSION NETWORK?

The Transmission Company “**Elektroprenos BiH,**” headquartered in Banja Luka, approves the connection to the transmission network, issues all the permits and signs the connection contracts.

IN WHICH PHASE OF CONSTRUCTION ARE CONSENTS AND PERMITS FOR CONNECTION TO THE TRANSMISSION NETWORK OBTAINED?

The diagram below shows the phases and sequence of issuance of connection consents and conclusion of contracts with the Transmission Company in relation to the Urban Permit, Construction Permit and Use Permit.



Please find below a description of each of these approvals and steps in the connection to the transmissions network procedure.

4.9.1.1. PRE-APPROVAL OF CONNECTION

WHAT IS A PRE-APPROVAL OF CONNECTION?

The Pre-Approval of Connection is issued to the investor as confirmation that the planned facility can be connected to the transmission network at the planned location.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR A PRE-APPROVAL OF CONNECTION?

An application for a Pre-Approval of Connection is submitted on a form prescribed by the Transmission Company and it is available on the company's website.¹¹

Together with the completed application form, the investor also needs to submit the following supporting documentation:

| | |
|----|--|
| 1. | Copy of the cadastral plan of the planned facility's location |
| 2. | If this is an already-existing facility, then it is also necessary to submit documents issued prior to the establishment of the Transmission Company (Elektroprenos BiH), such as the Conditions for the Connection of the User to the Connection Network, the Connection Contract and the Approval of Connection |

HOW LONG IS THE PRE-APPROVAL OF CONNECTION VALID?

The Pre-Approval of Connection is valid for **one year** from its date of issue and can exceptionally be extended for **one more year**.

4.9.1.2. CONNECTION CONDITIONS

WHAT ARE CONNECTION CONDITIONS?

Connection Conditions are a technical document defining the minimum of technical, construction and operation criteria that must be fulfilled in order to connect the generation facility to the transmission network.

¹¹ Available at: <http://www.elprenos.ba/BS/PrikljucakObrasciBS.aspx>

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR CONNECTION CONDITIONS?

An application for Connection Conditions is submitted to the Transmission Company on a prescribed form.¹²

The application needs to include:

| | |
|----|---|
| 1. | User's basic data |
| 2. | Name, type and address of the cadastral parcel of the facility to be connected to the network |
| 3. | Planned date of connection |
| 4. | Planned installed capacity and annual consumption/production |
| 5. | For customers, the purpose of electricity consumption |
| 6. | Regime of energy use or generation |
| 7. | Other technical parameters pursuant to the Grid Code |

Attached to the application, an investor submits:

| | |
|----|---|
| 1. | Urban Permit, Location Conditions or Location Information |
| 2. | Power chart of the generation unit |
| 3. | Single-pole diagram of the facility by phase |
| 4. | For industrial networks – principle single-pole diagram of supply for large industrial customers, power plants or loss compensation devices (> 5 MVA) |
| 5. | Proof of payment of the application submission fee |

WHAT DOES THE TRANSMISSION COMPANY DO IN A CONNECTION CONDITIONS ISSUANCE PROCEDURE?

Connection Conditions are issued on the basis of the Project Analysis of the Technical Solution for Connection.

The Transmission Company prepares the Project Analysis; the scope and content of the Project Analysis is defined by the **Independent System Operation in BiH (ISO)** in consultation with the Transmission Company.

A third party can also prepare the Project Analysis, but only based on the approval of the Transmission Company and in consultation with the ISO. After the Project Analysis is completed by the third party, the ISO, with the active participation of the Transmission Company, examines, approves and revises it.

The cost of Project Analysis preparation is covered by the investor, whether it is prepared by the Transmission Company or a third party.

¹² Available at: <http://www.elprenos.ba/BS/PrikliucakObrasciBS.aspx>

The Transmission Company is obliged to issue the Connection Conditions within a deadline of **90 days** from the date of an application submission, or within **30 days** from the date of revision of the Project Analysis, if prepared by a third party.

The investor accepts the Connection Conditions by submitting a written statement to the Transmission Company confirming the acceptance of the Connection Conditions. The written statement is submitted on a prescribed form available on the Transmission Company's website.¹³

After obtaining the Construction Permit and the Connection Conditions, the investor signs a **Connection Contract** with the Transmission Company, which regulates all technical, legal and economic conditions for connection to the transmission network, as well as all details of construction of the connection, future ownership relationships and the future relationship between the user and the Transmission Company regarding the operation and maintenance of facilities.

HOW LONG ARE THE CONNECTION CONDITIONS VALID?

The Connection Conditions are valid for **three years** from their date of issue.

¹³ Available at:

<http://www.elprenos.ba/Prikljucak/Izjava%20o%20prihvatanju%20Uslova%20za%20prikljucak%20Korisnika%20na%20prenosnu%20mrezu.pdf>

4.9.1.3. APPROVAL OF CONNECTION

WHAT IS AN APPROVAL OF CONNECTION?

The Approval of Connection is the final document required for connection to the transmission network, which is issued after the signing of the Connection Contract and the completion of an on-site inspection. This approval verifies that the investor has fulfilled all the required technical and legal preconditions from the Contract on Connection to the Transmission Network.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR AN APPROVAL OF CONNECTION?

An Approval of Connection is issued based on:

| | |
|-----------|--|
| 1. | Connection Contract |
| 2. | Technical project documentation |
| 3. | Acquisition of rights to construction and ownership or easement for the use of the connection |
| 4. | Construction permits for the connection and construction permits |
| 5. | Completed construction works with necessary material and equipment |
| 6. | Completed electrical installation works with necessary material and equipment |
| 7. | Equipping the billing metering point with necessary metering equipment |
| 8. | Final verification of readiness of the connection for initial energizing |
| 9. | Conducted testing |

HOW LONG IS THE APPROVAL OF CONNECTION VALID?

The period of validity of the Approval of Connection is defined by the Connection Contract.

4.9.2. CONNECTION TO THE DISTRIBUTION NETWORK

The investor needs to complete the following steps in order to connect to the distribution network:

- 1) Obtain a Location Approval
- 2) Obtain an Electric Power Permit
- 3) Conclude a Connection Contract
- 4) File an application for temporary connection of the facility during a trial run
- 5) Conclude a Network Access Contract
- 6) File an application for permanent connection to the distribution network
- 7) Obtain a Declaration on the connection of the generation facility

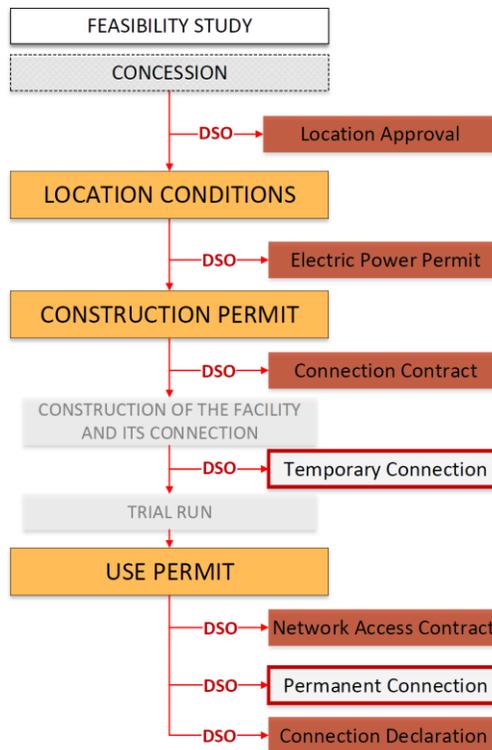
WHO IS COMPETENT FOR APPROVING A CONNECTION TO THE DISTRIBUTION NETWORK?

A **Distribution System Operator (DSO)** is responsible for granting approval to connect to the distribution network. In Republika Srpska there are currently five companies licensed to perform the operations of a distribution system operator, and each of them operates within their respective distribution areas:

- 1) MH ERS ZP Elektro Dobož a.d. Dobož
- 2) MH ERS ZEDP Elektro-Bijeljina a.d. Bijeljina
- 3) MH ERS ZP Elektrokrajina a.d. Banja Luka
- 4) MH ERS ZP Elektrodistribucija a.d. Pale
- 5) MH ERS Trebinje ZP Elektro-Hercegovina a.d. Trebinje

IN WHICH PHASE OF CONSTRUCTION ARE THE ELECTRIC POWER PERMITS OBTAINED AND CONTRACTS CONCLUDED?

The diagram below shows the phases in which the electric power permits are obtained and contracts with the DSO concluded, as well as the sequence of these steps in relation to the Location Conditions, Construction Permit and Use Permit.



A separate description of each step in **the distribution network connection process** is provided below.

4.9.2.1. LOCATION APPROVAL

WHAT IS A LOCATION APPROVAL?

Location Approval is the first document to confirm that a power generation facility can be connected to a distribution network at the planned location.

Location Approval is issued *ex officio* at the request of an authority responsible for approving construction as part of the location permitting process.

This step does not require any engagement on the part of the investor.

4.9.2.2. ELECTRIC POWER PERMIT

WHAT IS AN ELECTRIC POWER PERMIT?

Electric Power Permit is a document defining the electric and technical requirements for a planned power facility to be connected to the distribution network. The Electric Power Permit is required for obtaining a Construction Permit.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR AN ELECTRIC POWER PERMIT?

An Electric Power Permit application should be submitted on the prescribed form, which is available on DSO websites.¹⁴ The form prescribes the documents to be enclosed with the application.

Generally, the following documents need to be attached:

| | |
|----|--|
| 1. | Information about the applicant |
| 2. | A site plan (cadastral map) with charted facilities of the power plant |
| 3. | A copy of the power plant Location Conditions |
| 4. | A copy of the power plant concept design |
| 5. | A copy of the concession contract or other appropriate contract based on which a power plant is to be built (if such contracts are required) |

WHAT DOES THE DSO DO IN AN ELECTRIC POWER PERMIT ISSUANCE PROCEDURE?

Upon receiving an Electric Power Permit application from the Investor, a DSO will review whether or not the application and accompanying documents are complete. If some of the required documents are missing or if there is any other deficiency, the DSO will invite the investor to complete the application.

The DSO then analyzes the possibility of connecting a new power plant to the distribution network and makes a Study on connection for power plants with installed capacity of over 250 kW.

If the power plant meets the technical requirements to be connected to the distribution network, the DSO will issue a Decision granting an Electric Power Permit within **30 days** following the submission of a complete Electric Power Permit application.

In certain complex cases, the deadline for the study on connection and the Decision granting an Electric Power Permit may be extended for another **30 days**.

Costs incurred in the process of connecting a power plant to the distribution network, including the costs of the study, the costs of issuing the Electric Power Permit and the costs of increasing the distribution network capacity are borne by the investor.

¹⁴ Elektrohercegovina: <http://www.elektrohercegovina.com/index.php/component/jdownloads/category/12-obraci?Itemid=-1>.

Elektro Dobož: <http://www.elektrodoboj.net/UsluzniCentar/Obrasci.aspx>.

Elektro-Bijeljina: <http://elektrobijeljina.com/demo/index.php/2015-10-06-18-59-44?id=44>.

Elektrokrajina: <http://www.elektrokrajina.com/images/file/Uputstvo%20za%20prikliucenje.pdf>.

Elektrodistribucija Pale: <https://www.edbpale.com/zahtjevi-i-rjesenja/>.

If necessary, the DSO will make a concept design to increase the capacity of the existing distribution network and thus provide for connection of the power plant. The concept design will include a cost estimate for the required materials and works.

NOTE: Investors building power plants of installed capacity up to 10MW to generate electricity from RES or efficient cogeneration are entitled to an incentive when connecting such power plants to distribution network. In such cases the DSO will bear the costs of making the study, issuance of the Electric Power Permit and potential concept design for increasing the distribution network

HOW LONG IS AN ELECTRIC POWER PERMIT VALID?

Generally, an Electric Power Permit is valid for an unlimited period of time, but it will be deemed terminated if the investor fails to conclude a Connection Contract within **2 years** from the date of issuance of the Electric Power Permit. The validity of Electric Power Permit may be extended for additional **2 years**.

CAN THE DECISION OF THE DSO BE APPEALED?

Yes. The investor can file an appeal against the decision of the DSO with Republika Srpska Energy Regulatory Commission (RSERC) within **15 days** from the date of receiving the decision.

4.9.2.3. CONNECTION CONTRACT

WHAT IS A CONNECTION CONTRACT?

A Connection Contract is a contract concluded between the investor and the DSO, which regulates the matters of construction of the connection, the procedures and deadlines, the payment method and other matters of importance for connecting the power plant to the distribution network.

HOW IS THE CONNECTION CONTRACT CONCLUDED?

The Connection Contract is deemed concluded when the Investor files a Request for development of a main design for connection of the power plant and concluding the connection contract.

The request must be submitted on the prescribed form, and accompanied by the following documents:

| | |
|-----------|--|
| 1. | Main design of the power plant |
| 2. | Proof of payment of the costs of development of a main design for connection of the power plant to distribution network |

The DSO prepares the Connection Contract on the basis of the granted Electric Power Permit and informs the Investor of all relevant elements of the Contract prior to signing.

The DSO also prepares the main design for connecting the power plant to the distribution network and submits it for review to an independent third party authorized to review designs (reviewer). The DSO and the investor shall agree on the choice of the reviewer.

Following the conclusion of the Connection Contract the DSO will start construction of the connection.

CAN THE TERMS AND CONDITIONS OF A CONNECTION CONTRACT BE CHALLENGED?

Yes. If an investor fails to reach an agreement with the DSO on the terms and conditions of the Connection Contract, the investor may file an appeal with RSERC within **15 days** following the receipt of offered Contract.

4.9.2.4. TEMPORARY CONNECTION TO THE NETWORK

WHAT IS A TEMPORARY CONNECTION TO THE NETWORK?

The power plant is temporarily connected to the distribution network during a trial run on the basis of a request filed by the Investor.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH A REQUEST FOR THE FIRST TEMPORARY CONNECTION TO DISTRIBUTION NETWORK DURING A TRIAL RUN?

A request for a first temporary connection to the distribution network during a trial run must be submitted on a prescribed form.

To prove that all power facilities and electrical wiring in the power plant and associated facilities are done properly and in line with the design document, technical regulations and standards, the investor needs to enclose the following documents:

| | |
|-----------|--|
| 1. | Copy of a Construction Permit for the power plant |
| 2. | Certificate of registration of power generation activity |
| 3. | As built single line diagram of the power plant and switchgear |
| 4. | Certificate of works performed in the power plant issued by the contractor and supervisory body appointed by the investor |
| 5. | Test report for system protection and safety of connection line |
| 6. | Report on measurement of resistance to earth of power plant switchgear |
| 7. | Trial run program compliant with the requirements for functional testing of simultaneous work of the power plant and distribution network |

Investor's statement acknowledging the responsibility for the work of the plant, health and safety of people and security of property during temporary connection is part of the request.

WHAT DOES THE DSO DO IN THE PROCESS OF THE FIRST TEMPORARY CONNECTION?

When processing a request for temporary connection of a power plant to the distribution network for a trial run, the authorized representative of the DSO, in the presence of the investor and main contractor (or their authorized representatives), conducts an internal technical inspection of the connection, measurement sites and protection devices of the power plant.

The DSO then compiles a report on internal technical inspection of the connection, measurement sites and protection devices, stating the level of its compliance with the design in the part relevant for the granted Electric Power Permit. The report refers to the simultaneous work of the power plant and the distribution network, the readiness of the facility for a trial run or the needs to remove identified shortcomings.

After that, the power plant will be connected to the distribution network for the first time, during which event the investor or their authorized representatives, the authorized representatives of the DSO and main contractor, and representatives of an authorized functional reviewer (hired by the investor) must be present.

The maximum duration of a trial run will be determined in accordance with the construction regulations.

During a trial run, functional testing of the power plant operation is carried out in accordance with a predefined test program. Functional testing of the power plant operation with the distribution network are a compulsory part of this test program. In addition, compliance with the requirements for limiting reverse power flow in the distribution network and the quality of power in real conditions at the point of connection to distribution network are also tested.

Following the functional testing during the trial run a report on the performed functional tests will be compiled. The report, in addition to test data from the trial run, also contains data related to testing of protection devices prior to the first trial connection to the distribution network. The report will also outline the possible deficiencies or limitations and the obligation to remove them.

If the power plant failed the trial run, the investor should remove the deficiencies and schedule another trial run.

The trial run and temporary connection of the power plant will last until the Use Permit for the power plant is obtained, i.e., until the lapse of the maximum time frame set by the regulations in the area of construction.

After completing functional tests during the trial run and obtaining a Use Permit the investor concludes a Distribution Network Access Contract.

4.9.2.5. DISTRIBUTION NETWORK ACCESS CONTRACT

WHAT IS A DISTRIBUTION NETWORK ACCESS CONTRACT?

A Network Access Contract is a contract between the investor and the DSO which regulates the terms of use of the distribution network. This contract is concluded at an appropriate time prior to permanent connection of the power plant to the distribution network.

The Network Access Contract is concluded in a standardized form, and the investor is not required to file any particular request for the conclusion thereof.

The contract defines the terms of use of the network, and it contains, *inter alia*, basic information on the contracting parties, the connected load approved under the Electric Power Permit, the measurement site, the volume and quality of power and liability for damage.

The Network Access Contract does not have a limited validity period.

4.9.2.6. PERMANENT CONNECTION OF A POWER PLANT TO THE DISTRIBUTION NETWORK

WHAT IS A PERMANENT CONNECTION OF A POWER PLANT TO THE DISTRIBUTION NETWORK?

Permanent connection is the final stage of connecting a power plant to the distribution network.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH A REQUEST FOR THE PERMANENT CONNECTION OF A POWER PLANT TO THE DISTRIBUTION NETWORK?

A Request for a permanent connection to the distribution network is submitted on a prescribed form.

The following documents should be enclosed with the request:

| | |
|----|------------------------------------|
| 1. | A copy of the Use Permit |
| 2. | Information on concluded contracts |

WHAT DOES THE DSO DO IN THE PROCESS OF PERMANENT CONNECTING A POWER PLANT TO DISTRIBUTION NETWORK?

The DSO connects the power plant to the distribution network in the presence of the investor; and from that moment on the power plant starts its regular operation.

The investor has a deadline of **six months** from the date of obtaining the Use Permit and permanent connection of the power plant to the distribution network to obtain a License for

Electricity Generation and conclude a Purchase Contract with the Incentives operator or any other electricity trader.

4.9.2.7. CONNECTION DECLARATION

WHAT IS A CONNECTION DECLARATION?

A Connection Declaration is a document containing information on the technical features of the connection, and information on the power plant and the owner.

WHO ISSUES A CONNECTION DECLARATION AND WHEN?

Once the power plant is permanently connected to the network, a DSO issues a Connection Declaration and delivers it to the Investor.

The declaration is issued for each measurement site, and the DSO keeps it until the connection is permanently disconnected.

4.10. PERMIT FOR CONSTRUCTION OF POWER FACILITIES

WHAT IS A PERMIT FOR CONSTRUCTION OF POWER FACILITIES?

A Permit for Construction of Power Facilities is a document confirming that an investor has obtained all necessary permits and other documents and concluded the necessary contracts prior to obtaining a Construction Permit and commencing the construction works. This Permit verifies and confirms the compliance and consistency of all parameters in the various documents obtained by the investor in the course of building a power plant.

WHO IS COMPETENT FOR ISSUING THE PERMIT TO BUILD A POWER PLANT?

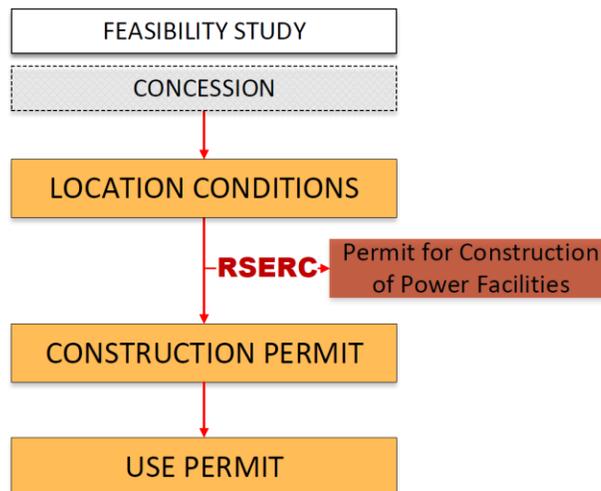
The **Regulatory Energy Commission of Republika Srpska (RSERC)** is responsible for issuing the Permit for Construction of Power Facilities.

WHICH FACILITIES REQUIRE A PERMIT FOR CONSTRUCTION?

A Permit for Construction of Power Facilities is required for all power plants of installed capacity above 1 MW.

AT WHAT STAGE OF CONSTRUCTION PROCESS IS THIS PERMIT OBTAINED?

A Permit for Construction of Power Facilities is obtained prior to obtaining the Construction Permit. The diagram below shows the stage and sequence of issuing a permit to build a power plant in relation to the Location Conditions, Construction Permit and Use Permit.



Steps to obtain the **Permit for Construction of Power Facilities** are described below.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR PERMIT FOR CONSTRUCTION OF POWER FACILITIES?

The procedure for issuing the Permit for Construction of Power Facilities is initiated at the request of an investor.

The application for a permit to build a power plant must be submitted on the prescribed form No. OB.04.05, which was developed by RSERC and available on their website.¹⁵

Along with the completed application the investor is required to submit the following documents:

| | |
|-----|---|
| 1. | Valid Decision on registration in a court or other appropriate register |
| 2. | Identification number and single identification number of the Applicant's |
| 3. | Founding act of the company with accompanying contracts or Articles of Incorporation |
| 4. | Applicant's statement on the structure of funding, which is aligned with the feasibility study or confirmation by the commercial banks confirming that the Applicant has sufficient resources and/or access to loans necessary for construction of the facility |
| 5. | Certificate issued by a competent authority confirming that neither the Applicant nor its legal representative are barred from performing the subject occupation, economic activity or duty |
| 6. | Feasibility study and concept or main design of the facility, if produced |
| 7. | Certified Environmental Impact Assessment Study |
| 8. | Environmental Permit, if required for the type of facility being built |
| 9. | Water Acts, if required for the type of the facility being built |
| 10. | Power approval for connection to the distribution network, and/or a study on technical design of connection and terms of connecting to the transmission network |
| 11. | Location Conditions |
| 12. | Concession Contracts in accordance with the concession granting rules |
| 13. | Applicant's statement/proof of previously built or reconstructed similar power plants (power generation) |
| 14. | Applicant's statement/proof of applications filed and permits obtained from other regulatory commissions |
| 15. | Schedule and duration of possible power supply interruptions due to construction of a power plant |
| 16. | A total of five different statements by the Applicant listed in the form No. OB. 04. 05 |
| 17. | Proof of payment of a one-off regulatory fee |

The application for the Permit for construction of power facilities and accompanying documents should be verified and signed by the investor. The accompanying documents must be **originals or a certified copy thereof**.

¹⁵ <http://www.reers.ba/lat/node/216>.

WHAT DOES RSERC DO IN THE PROCEDURE OF ISSUING THIS PERMIT?

Upon receiving an application for a Permit for construction of power facilities from an Investor, RSERC reviews whether or not the application and accompanying documents are complete. If not, RSERC will request that the investor complete the application or submit additional documents within **30 days**.

The application is deemed complete only after all supporting documents are submitted and a one-off regulatory fee is paid.

If RSERC finds the application to be complete, it will inform the Applicant and general public by posting a notice on its website, its notice board and by publishing the notice in at least one daily newspaper available in Republika Srpska. The interested members of public can submit written comments concerning the filed application. After the completion of the application, interested parties can gain the status of an intervener and become a party in the issuance procedure.

Once the application for Permit for Construction of Power Facilities, the supporting documents and any comments received with respect to the application are reviewed and analyzed, RSERC will prepare a draft permit or render a different decision (e.g. rejecting the application) at its regular session.

If RSERC issues a draft permit, it will render a Conclusion to hold at least one public hearing concerning the draft. The Conclusion will include information on the time frame for providing comments on the draft permit and the requirements for obtaining intervener status. The draft permit and the Conclusion concerning the public hearing will be posted on the notice board and website of RSERC and a copy of it will be delivered to the investor.

Following a public consultation process concerning the draft permit and analysis of received comments, RSERC will issue a final Decision Granting a Permit for Construction of Power Facilities. The final Decision comprises the Permit and the terms of the Permit.

The deadline for issuing the Permit cannot be longer than **60 days** following the receipt of a complete application.

The Decision granting the license will be delivered to the Applicant and interveners (if any) and posted on the notice board and website of RSERC. The enacting clause of the Decision granting the Permit as well as an instruction on where to access the full text of the decision will be published in the Official Gazette of Republika Srpska.

FOR HOW LONG IS THE PERMIT FOR CONSTRUCTION OF POWER FACILITIES VALID?

A Permit for Construction of Power Facilities is valid for a maximum of **6 years**.

CAN THE DECISION OF RSERC BE APPEALED?

No. RSERC's decisions are final, and they may not be appealed; but the investor may initiate an administrative dispute before the District Court in Trebinje within **30 days** from the date of receipt of the decision.

4.11. LICENSE FOR PERFORMING ENERGY ACTIVITIES

WHAT IS A LICENSE TO PERFORM AN ENERGY ACTIVITY?

License to perform an energy activity is a license to perform one of the following activities on the electricity market:

- 1) Generation of electricity in hydro-power plants, thermal power plants, thermal power plants with integrated mines and other power plants of rated capacity over 1 MW
- 2) Distribution of electricity, i.e., electricity distribution through the medium and low voltage grid for the purpose of supplying customers
- 3) Supplying tariff customers with electricity
- 4) Trade and supply of electricity in the territory of Bosnia and Herzegovina

An Investor who wants to generate electricity has to obtain a **License for Electricity Generation**.

WHO IS COMPETENT FOR ISSUING THE LICENSE FOR ELECTRICITY GENERATION?

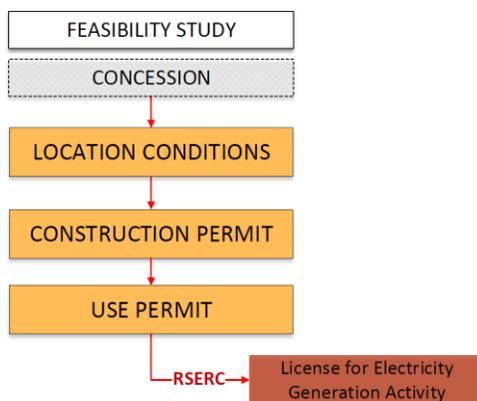
The **Regulatory Commission for Energy of Republika Srpska (RSERC)** has the competency for issuing Licenses for Electricity Generation.

WHICH FACILITIES REQUIRE A LICENSE FOR ELECTRICITY GENERATION?

A License for Electricity Generation is required for any power plant of installed capacity **above 1 MW**.

AT WHAT STAGE OF CONSTRUCTION PROCESS IS THIS LICENSE OBTAINED?

A License for Electricity Generation should be obtained after the Use Permit is obtained. The diagram below shows the position of the License in relation to the Location Conditions, Construction Permit and Use Permit.



The steps to obtain a **License for Electricity Generation** are described below.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR A LICENSE FOR ELECTRICITY GENERATION?

The procedure for issuing a License for Electricity Generation is initiated at the request of an Investor.

The application for a License for Electricity Generation is submitted on a prescribed form OB. 04. 01, which was developed by RSERC and is available on its website.¹⁶

Along with a completed application the investor is required to submit the following documents:

| | |
|-----|--|
| 1. | Valid Decision on registration in a court or other appropriate register |
| 2. | Identification number and single identification number of the Applicant (investor) |
| 3. | Founding act of the company with accompanying contracts or Articles of incorporation |
| 4. | The organizational structure of the Applicant (organizational scheme), systematization of jobs, data on the number of employees and their professional qualifications and a statement by the Applicant confirming that it has qualified staff to perform the required activity or concluded contracts with other legal or natural persons who have professional competence to perform energy activities |
| 5. | Statement by the Applicant confirming that it has the facilities, installations and equipment to be used, i.e., put into operation to generate power or concluded contracts with other legal or natural entities that have an impact on the technical qualifications required |
| 6. | A set of financial statements for the previous three years: balance sheet, income statement, cash flow statement, change in the value of assets in the capital account, notes accompanying financial statements and independent audit report or initial financial statement of a newly formed company |
| 7. | Statements by the Applicant and by commercial banks confirming that the Applicant has sufficient funds or possibility to take a loan from a bank or a bank guarantee |
| 8. | Statements by the Applicant and confirmations of commercial banks indicating the accounts opened with the banks and their balances (possible restrictions and scope of transactions) in the last month before the date of filing the application |
| 9. | Annual and Three-Year Business Plans of the Applicant |
| 10. | Certificate issued by a competent authority confirming that neither the Applicant nor its legal representative are barred from performing the occupation, economic activity or duty for which the license is being sought |
| 11. | Statement by the Applicant on existing licenses to perform the activity or license applications submitted with other regulatory commissions |
| 12. | Certificate issued by a competent court confirming that no bankruptcy or liquidation proceedings is initiated against the Applicant |
| 13. | A list of power plants and facilities and a list of fixed assets related to the required activity owned or used by the Applicant |

¹⁶ <http://www.reers.ba/lat/node/216>.

| | |
|-----|--|
| 14. | Plant layout and a single line diagram of the plant and its surroundings |
| 15. | Technical parameters of the power plant and facilities |
| 16. | Records and decisions of the competent inspections and review of the activities carried out on the basis of the decision by the competent body on the technical integrity and safety of the plant and compliance with the environmental protection standards |
| 17. | Statement of intent, plan and program to introduce a quality management system into business operations, i.e., statement of introduced QM system or a copy of a Quality Management System Certificate (standard ISO 9001) and Environmental Management System (standard ISO 14001) |
| 18. | Statement or certificate of equipment insurance, if the equipment is insured |
| 19. | Proof of the nature of primary sources and their use for power generation |
| 20. | Water Acts obtained in accordance with regulations |
| 21. | Environmental Permit obtained in accordance with regulations |
| 22. | Concession Contracts in accordance with the concession granting rules |
| 23. | Contract on connection to distribution network and report on technical inspection of the connection and measurement site and/or contract on connection and approval of connection to transmission network for newly built generation facilities |
| 24. | Contracts related to power generation activity (ISO, BRP, transmission company and distributor other than those mentioned in point above, traders and suppliers) |
| 25. | Approval to use the newly built generation plant or proof of a pending approval procedure, in which case the approval should be submitted before issuing a license |
| 26. | A total of six different statements by the Applicant listed in the form OB. 04. 01 |
| 27. | Proof of payment of a one-off regulatory fee |

The application for a License for Electricity Generation and accompanying documents should be verified and signed by the investor. The accompanying documents must be **originals or a certified copy thereof**.

WHAT DOES RSERC DO IN THE PROCEDURE OF ISSUING THIS LICENSE?

Upon receiving an application for issuing a License for Electricity Generation from an investor, the RSERC will review whether or not the application and accompanying documents are complete. If not, RSERC will request that the investor complete the application or submit additional documents within **30 days**.

The application is deemed complete only after all supporting documents are submitted and a one-off regulatory fee is paid.

If RSERC finds the application to be complete, it will inform the Applicant and general public by posting a notice on its website, its notice board and by publishing the notice in at least one daily newspaper available in Republika Srpska. The interested members of the public can submit written comments concerning the filed application. After the completion of the application,

interested parties can gain the status of an intervener and become a party in the issuance procedure.

Once the application for the License for Electricity Generation, the supporting documents and any comments received with respect to the application are reviewed and analyzed, RSERC will prepare a draft License or render a different decision (e.g., reject the application) at its regular session.

If RSERC intends to issue a draft License, it will render a Conclusion to hold at least one public hearing concerning the draft. The Conclusion includes information on the time frame for providing comments on the draft License and the requirements for obtaining the status of an intervener. The draft License and the Conclusion concerning the public hearing will be posted on the notice board and website of RSERC and a copy of it will be delivered to the Applicant.

Following public consultation process concerning the draft License and analysis of received comments, RSERC will issue a final Decision granting the License. The final Decision comprises the License and the terms of the License.

The deadline for issuing the License cannot be longer than **60 days** following the receipt of a complete application.

The final Decision granting the License will be delivered to the Applicant and interveners (if any) and posted on the notice board and website of RSERC. The enacting clause of the Decision granting the license, as well as an instruction on where to access the full text of the Decision, will be published in the Official Gazette of Republika Srpska.

FOR HOW LONG IS THE LICENSE FOR ELECTRICITY GENERATION VALID?

A License for Electricity Generation is valid for a maximum of **30 years**.

CAN THE DECISION OF RSERC BE APPEALED?

No. RSERC's decisions are final, and they may not be appealed; but the investor may initiate an administrative dispute before the District Court in Trebinje within **30 days** from the date of receipt of the decision.

4.12. EXERCISING THE RIGHT TO INCENTIVES

WHAT IS THE INCENTIVES SCHEMES FOR POWER GENERATION FROM RENEWABLE ENERGY SOURCES?

Countries design various incentives to encourage investors to develop generation plants using renewable energy sources. In the RS the system of incentives for RES includes multiple benefits acquired by meeting certain conditions.

The benefits include:

- 1) Benefits when connecting to the network
- 2) Benefits in access to the network
- 3) Right to have electricity purchased
- 4) Right to a feed-in tariff¹⁷
- 5) Right to a premium¹⁸ for consumption on electricity for own needs or sale in the RS market

The procedure to exercise the benefits under the incentive scheme is described below.

WHICH AUTHORITIES ARE RESPONSIBLE FOR INCENTIVES SCHEMES?

The competent authorities in the procedure to obtain the right to an incentive in the RS are: the **Republika Srpska Energy Regulatory Commission (RSERC)** and **Operator of the System of Incentives (RES Operator)**, as well as the **RS Government**.

Currently, the tasks of the Incentives Operator are performed by **Elektroprivreda RS**.

WHAT ARE THE REQUIREMENTS TO OBTAIN A RIGHT TO AN INCENTIVE?

In order to obtain a right to an incentive, an investor must meet the following requirements:

- 1) Generate power in a newly built plant using renewable energy sources
- 2) No second hand equipment is installed in the facility¹⁹
- 3) Installed capacity of the plant is below the set threshold

¹⁷ A feed-in tariff is an incentivized price at which the RES Operator will purchase all the generated electricity from the producer and which is higher than the market price. The amount of the guaranteed purchase price differs, depending on the type of plant (primary energy source) and installed power.

¹⁸ A premium price is a pecuniary amount calculated as the difference between a guaranteed purchase price (feed-in tariff) and a predefined reference price (market price). The level of the premium differs depending on the type of plant, (primary energy source) and installed power.

¹⁹ Equipment refers to the basic components of the production plant: turbine, generator, photovoltaic panels and boilers.

- 4) There are (unused) quantities of energy available for incentives as established by the RS Action Plan for the use of renewable energy sources²⁰
- 5) The generation plant has a valid Certificate

WHAT TYPE OF FACILITIES ARE ELIGIBLE FOR INCENTIVES?

Investors generating electricity in one of the following facilities are eligible for incentives (feed-in tariff or right to a premium price) provided that the quantities for incentives are set under the RS Action Plan:

- 1) Hydro power plant with an installed capacity of up to 10 MW
- 2) Wind farm with the capacity of up to 10 MW
- 3) Solar plant with the photovoltaic cells with an installed capacity of up to 1 MW
- 4) Geothermal facility with an installed capacity of up to 10 MW
- 5) Facility using biomass with an installed capacity of up to 10 MW
- 6) Facility using biogas with an installed capacity of up to 1 MW
- 7) Efficient cogeneration plants with an installed capacity of up to 10 MW

However, generators producing electricity in the following plants can only obtain the right to a premium price:

- 1) Wind farms with an installed capacity exceeding 10 MW
- 2) High efficiency cogeneration plants the installed capacity of over 10 MW and below 30 MW

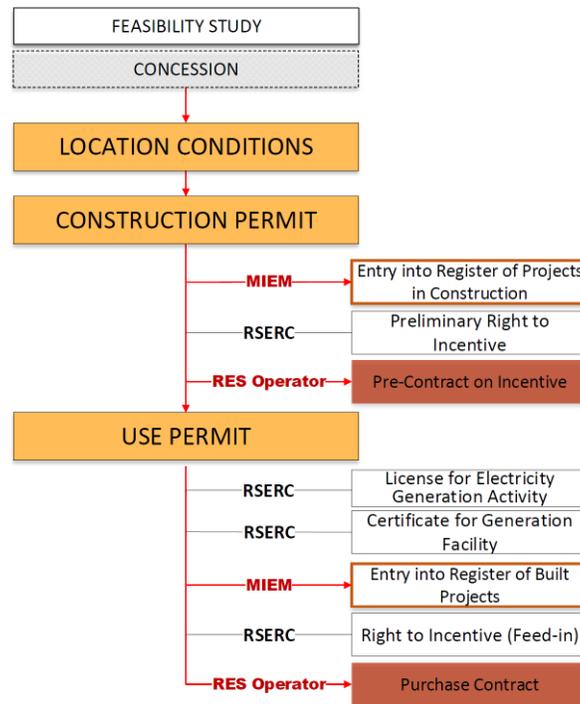
IN WHICH PHASE OF CONSTRUCTION IS THE RIGHT TO INCENTIVES DETERMINED?

In the procedure of obtaining the right to an incentive, the investor takes the following steps:

- 1) Obtains a Confirmation of Entry in to the Project Register (explained under Project Register)
- 2) Obtains a Decision approving the preliminary right to an incentive (optional)
- 3) Concludes a pre-contract on the preliminary right to an incentive (optional)
- 4) Obtains a Certificate for a generation plant
- 5) Obtains a Decision granting the right to an incentive
- 6) Concludes a Contract on feed-in tariffs or a Contract on the premium price

²⁰ The Action Plan of Republika Srpska for the use of renewable energy sources is available at: <http://www.reers.ba/lat/node/1298>.

The diagram below shows the phases and sequence of steps toward receiving an incentive price (feed-in tariff or premium price) with respect to Location Conditions, Construction permit and Use Permit.



The procedure to obtain the right to an incentive is described below.

4.12.1. PRELIMINARY RIGHT TO AN INCENTIVE

WHAT IS THE PRELIMINARY RIGHT TO AN INCENTIVE?

The Preliminary Right to an Incentive allows the investor to conclude a pre-contract with the RES Operator, thus reserving amounts of electricity that will be purchased at the feed-in tariff or the right to a premium price.

The Preliminary Right to an Incentive is approved by a Decision.

WHO ISSUES THE APPROVAL OF THE PRELIMINARY RIGHT TO AN INCENTIVE?

The competent institution to approve the Preliminary Right to an Incentive is the **RS Regulatory Commission for Energy (RSERC)**.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR PRELIMINARY RIGHT TO AN INCENTIVE?

The application for a Preliminary Right to an Incentive is submitted using a prescribed form,²¹ which must be signed and certified by the investor or a person authorized to represent the investor. The application is submitted by registered mail or delivered directly to RSERC.

The application should state the type of incentive sought:

- 1) Right to a feed-in tariff, or
- 2) Right to a premium price for sale on the market and/or consumption for own needs

The investor should attach the following documents to the completed application form:

| | |
|----|--|
| 1. | Feasibility study |
| 2. | Proof of entry of the project in the Project Register (Confirmation) |
| 3. | Construction Permit |
| 4. | Proof that construction of a generation plant is underway, e.g., a confirmation thereon from the construction inspector, contracts with contractors, contracts with equipment suppliers or other proof that unambiguously confirm that the construction is underway |

Supporting documents should be originals or verified copies.

WHAT DOES RSERC DO IN THE PROCESS OF APPROVAL OF THE PRELIMINARY RIGHT TO AN INCENTIVE?

Upon receiving an investor's application for the approval of the Preliminary Right to an Incentive, RSERC will register the time of submission of a complete application. The application is deemed completed once the applicant submits a duly completed application form and other supporting documents.

Registering the time of submission of a complete application is a very important step as the applications are decided based on a "first come – first served" basis. Given that quotas for incentives are limited, this stage is very important for the entire incentive award process.

RSERC publishes a notification of the receipt of a completed application on their website.

RSERC decides on the application for a Preliminary Right to an Incentive based on the completed application and an energy certificate obtained from the RES Operator, which contains data on quantities of electricity generated from renewable sources available for incentives, not later than **30 days** from the date of receipt of the completed application.

²¹ Available at:

http://www.reers.ba/sites/default/files/Prilog_2_Pravilnika_Podsticanje_Obrazac_zah_tjeva_preliminarni.doc

RSERC makes the final decision on whether to grant the right to an incentive or reject the application, in one of their regular sessions.

HOW LONG IS THE PRELIMINARY RIGHT TO AN INCENTIVE VALID?

The validity of the Preliminary Right to an Incentive is determined based on the planned commissioning of the plant, the type of sources and technology of the generation plant, and it may not exceed **three years** from the date of the decision.

If the Preliminary Right to an Incentive was determined for a period shorter than three years, an investor that has not yet commenced works within the time limit provided by the Decision on the Preliminary Right to an Incentive may request an extension, which may not exceed **six months**, and present the reasons for such a request based on which RSERC can make a decision. However, the total validity period of the Preliminary Right to an Incentive in this case may not exceed **three years** from the date of the issuance of the first Decision.

CAN THE DECISION OF RSERC BE APPEALED?

No. RSERC's decisions are final and they may not be appealed, but the investor may initiate an administrative dispute before the District Court in Trebinje within **30 days** from the date of receipt of the decision.

NOTE: An investor who was issued a Decision on the Preliminary Right to an Incentive must submit an application to conclude a Precontract on the incentive to the RES Operator no later than 15 days from the date of receipt of the decision.

4.12.2. INCENTIVE PRE-CONTRACT

WHAT IS AN INCENTIVE PRECONTRACT?

An Incentive Precontract is a contract that an investor concludes with the RES Operator and thus reserves a quantity of electricity in the incentives scheme.

The reservation period starts from the date of conclusion of the Precontract and it lasts until the right to feed-in tariff or the right to a premium is fully exercised. At the same time, the investor acquires the right to retain the reserved quantities for a period determined in the Decision on the preliminary right to an incentive, as well as the duty to complete the construction of the plant and obtain the Use Permit within the given period.

Following the expiration of the reservation period, the investor is given a time limit not longer than **six months** to obtain the Certificate and the Decision on the right to an incentive and to conclude a Contract with the RES Operator.

Investors constructing power plants with installed power of more than 250 kW are obliged prior to the conclusion of the Incentive Precontract to pay a cash deposit or submit a bank security to the RES Operator in the amount of 2% of the investment value as stipulated by the feasibility study or the business ledgers of the plant owner.

The cash deposit and/or the bank security is returned to the investor if the generation plant is constructed within the time limit set in the Decision on the preliminary right to an incentive and if the investor obtains the Certificate.

The investor will lose the deposited funds if the Decision on the preliminary right to an incentive is revoked or if it ceases to be valid for other reasons.

4.12.3. CERTIFICATE FOR GENERATION FACILITY

WHAT IS THE CERTIFICATE FOR GENERATION FACILITY?

The Certificate for Generation Facility (the Certificate) is a document issued as proof that a given plant generates power from renewable sources or in a cogeneration plant in an economically feasible manner, protecting the environment, and that ensures appropriate measurements of all energy parameters.

WHO IS COMPETENT FOR ISSUING THE CERTIFICATE?

The competent institution for issuing the Certificate is **Regulatory Commission for Energy of the Republika Srpska (RSERC)**.

FOR WHAT PLANTS IS THE CERTIFICATE ISSUED?

The Certificate is issued for the following types of plants, irrespective of the installed power or eligibility for incentives:

- 1) Plants using the energy potential of watercourses
- 2) Plants using wind energy
- 3) Plants using biomass energy
- 4) Plants using energy from biogas, gas from municipal waste treatment plants and landfill gas
- 5) Plants using geothermal energy
- 6) Plants using non-accumulated solar energy (photovoltaic cells and solar thermal power plant)
- 7) Plants using a combination of several renewable energy sources
- 8) Cogeneration plants

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR A CERTIFICATE?

The application for a Certificate for a plant using renewable energy sources is submitted on the prescribed form No. OB.04.22²² and in case of efficient cogeneration plant on the form No. OB.04.23.²³

The investor should attach the following documents with the completed application form:

²² Available at: http://www.reers.ba/sites/default/files/Prilog_2_Zahtjev_%28OIE%29%28OB.04.22%29.doc

²³ Available at: http://www.reers.ba/sites/default/files/Prilog_2_Zahtjev_%28EK%29_%28OB.04.23.%29.DOC

| | |
|----|--|
| 1. | Registration number of the license to conduct power generation activity, when the generation plant is required to have a license or a statement that the license application has been submitted |
| 2. | Valid decision on the entry into the court register or other relevant register |
| 3. | Use Permit for the generation plant in accordance with the legislation on spatial planning and construction |
| 4. | Water Acts for the generation plant obtained in accordance with the legislation on water use and protection |
| 5. | Proof that environmental protection requirements have been met (decision on the approval of the Environmental Impact Study or Environmental Permit) |
| 6. | Contract on Connection and Declaration on Connection to the distribution network or Contract on Connection and Approval of Connection to the transmission network for a newly built generation plant if it is connected to the power grid |
| 7. | As-built technology drawing of the generation plant with description |
| 8. | As-built single-line diagram of the generation plant with indicated measurement sites and information on measuring instruments installed at measurement sites (type, manufacturer and serial number) |
| 9. | <p>Proof that the generation plant has installed measuring instruments on measurement sites, depending on the type of generation plant and its purpose (power generation for the purpose of supplying the network, generation for own needs, generation for own needs and supplying the network) to ensure:</p> <ol style="list-style-type: none"> 1) measurement and registration of generated power supplied to the electricity network (net generation) and electricity taken from the network, 2) measurement and registration of power generated at the generating terminals (gross generation), 3) measurement and registration of power used for own consumption, 4) measurement and registration of power used as own power demand, 5) measurement and registration of the primary energy demand, as well as of all energy parameters necessary to calculate the savings of cogeneration plant in a way that for every measurement site identified in generation plant diagrams submitted as proof under 7 and 8 of this table, it is necessary to submit a measurement site declaration, which must contain at least the data on the measured parameter, instrument manufacturer, serial number, measurement scope, year of installation, verification and calibration, and place of installation. <p>The single-line diagram submitted as proof under point 8 of this table and the declarations must be certified by the distribution system operator, confirming that:</p> <ul style="list-style-type: none"> - the necessary power measurements required to a certificate for that type of generation plant and its purpose have been ensured, - the measurement sites and measuring instruments are installed in accordance with the relevant legislation, - the properties of measuring instruments are in accordance with the requirements stipulated by the relevant metrology legislation. |

| | |
|-----|---|
| | <p>Plant layouts and measurement sites declarations that serve for measurement of other energy parameters in the generation plant (e.g., primary power demand) must be certified by persons or institutions authorized to do so by the competent authority, whereby they confirm that:</p> <ul style="list-style-type: none"> - necessary measurements of other energy parameters required for the issuance of the Certificate for that type of generation plant and its purpose are being ensured, - measurement sites and measuring devices are installed in accordance with the relevant legislation, - properties of measuring instruments are in accordance with the relevant metrology legislation |
| 10. | Concession Contract (if a concession is required) |
| 11. | Construction Permit for power plants using biomass and biogas, solar plants with photovoltaic cells in facilities and plants of installed power of up to 250 kW that use all types of renewable energy sources or a Construction Permit for efficient cogeneration plants of installed power of up to 250 kW |
| 12. | Proof of entry of the project into the Register of projects generating power from renewable energy sources or in efficient cogeneration at the ministry competent for energy |
| 13. | Minutes and decisions of competent inspections and review of activities undertaken in accordance with their decisions in the previous year or during the trial run of a new or considerably reconstructed generation facility |
| 14. | Certificate of the competent authority confirming that neither Applicant nor its legal representative are barred from performing power generation activity in the generation plant for which the Certificate is sought nor are they barred from carrying out a certain occupation, activity or duty, pursuant to the provisions of the Criminal Code of the Republika Srpska or the Law on Minor Offences of the Republika Srpska |
| 15. | Certificate issued by the competent court confirming that no liquidation proceedings are initiated against the applicant |

WHAT DOES RSERC DO IN THE CERTIFICATION PROCESS?

Upon the receipt of the application, RSERC first reviews the application and its supporting documents to determine whether it is completed. If the application is not completed, RSERC asks the investor to update it within **30 days**.

The application is considered completed once the applicant submits all the supporting documents from the above list along with a duly completed application form.

If the application is complete, RSERC will notify the applicant and the general public by posting a notice on their website and its notice board as well as by publishing it in at least one newspaper with circulation in the Republika Srpska. The interested public can provide comments on the application in writing. After the completion of the application, interested parties can gain the status of an intervener and become a party in the issuance procedure.

RSERC then checks all submitted data and, when needed, makes an on-site inspection of the plant and equipment to establish whether the criteria for the issuance of the Certificate are being met.

The on-site inspection can be done in any phase of the procedure, from submission of the application to the adoption of the final decision.

If the applicant (investor) fails to comply with the inspection of the plant and equipment, RSERC will reject the application for the Certificate.

During the certification process and depending on the received comments and proof, RSERC can decide to hold public consultations.

If RSERC finds that all criteria have been met, during a regular session they will pass the Final Decision to issue the Certificate, an integral part of which is the Certificate for Generation Facility. The Decision on the issuance of the Certificate for Generation Facility will be sent to the applicant and any interveners.

Data on issued Certificates is entered into the Register of Certificates for Generation Facility available on the RSERC website.

RSERC will reject the application to issue the Certificate in the following cases:

- 1) when the applicant does not meet the criteria for the Certificate, and
- 2) if the Applicant is barred from performing power generation activity in the generation plant for which the Certificate is sought, i.e., if the Applicant is barred from carrying out a certain occupation, activity or duty, pursuant to provisions of the Criminal Code of the Republika Srpska or the Law on Minor Offences of the Republika Srpska

HOW LONG IS THE CERTIFICATE VALID?

The Certificate is issued for a period of:

- **15 years** for hydroelectric power plants, wind farms and solar power plants
- **5 years** for a generation plant using other types of renewable energy sources
- **1 year** for high efficiency cogeneration plants

CAN A DECISION OF RSERC BE APPEALED?

No. RSERC's decisions are final and they may not be appealed, but the investor may initiate an administrative dispute before the District Court in Trebinje within **30 days** from the date of receipt of the decision.

NOTE: Obtaining the Certificate is a prerequisite for exercising the right to incentives for power generation from renewable sources and for the issuance of the Guarantee of origin of electricity.

4.12.4. RIGHT TO AN INCENTIVE

WHAT IS A RIGHT TO AN INCENTIVE?

A Right to an Incentive is **the right to sell electricity at a feed-in tariff prices or the right to a premium price** for consumption of electricity for one's own needs or sale on the electricity market.

The Right to an Incentive is established by the **Decision on the Right to an Incentive**.

WHO IS COMPETENT FOR GRANTING THE RIGHT TO AN INCENTIVE?

The competent institution for granting the Right to an Incentive is the **RS Regulatory Commission for Energy (RSERC)**.

WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR OBTAINING THE RIGHT TO AN INCENTIVE?

The application for the Right to an Incentive is submitted using a prescribed form,²⁴ which must be signed and certified by the investor or a person authorized to represent the investor. The application is submitted by registered mail or delivered directly to RSERC.

The investor should attach the following documents with the completed application form:

| | |
|-----|---|
| 1. | Confirmation of Entry into the Project Register |
| 2. | Copy of the Certificate for Generation Facility producing power from renewable sources |
| 3. | Use Permit for the generation plant, confirming that it is a new generation plant |
| 4. | Contract on the Connection to the distribution network and/or Contract on the Connection and Approval of Connection to the transmission network |
| 5. | Fixed assets register (if applicable) |
| 6. | Analytical records with historical data on equipment (if applicable) |
| 7. | Proof that installed basic components of the generation plant have not been used before (data on production year; procurement invoice or contract with supplier/producer; attestation etc.) |
| 8. | Statement of the responsible person of the applicant, verified by a competent authority, by which they aver, under full material and criminal liability, that the installed basic components of the generation plant have not been previously installed or used |
| 9. | Analytical records of funds obtained from donation or state aid (expressed in accordance with MRS 20) (if applicable) |
| 10. | Total value of the investment and total value of received state aid (if applicable) |

²⁴ Available at: http://www.reers.ba/sites/default/files/Prilog_1_Pravilnika_Podsticanje_Obrzac_zajtjeva_EK.doc and http://www.reers.ba/sites/default/files/Prilog1_Pravilnika_podsticanje_Obrzac_zajtjeva_OIE.doc.

| | |
|-----|---|
| 11. | Statement of the responsible person of the applicant, verified by a competent authority, by which they aver, under full material and criminal liability, that no state aid was received for the construction of the generation plant which is the subject of the application (the statement is not submitted in the case when state aid has been received and which requires the submission of proof under 9 and 10) |
|-----|---|

All supporting documents should be originals or verified copies.

WHAT DOES RSERC DO IN THE INCENTIVE ENTITLEMENT PROCESS?

Upon receiving an application from the investor, RSERC reviews whether or not the application is complete. The application is deemed complete only after the Applicant submits a duly completed application form, copy of the Certificate and other supporting documents – as originals or verified copies.

RSERC publishes a notification of the receipt of a completed application on their website. In exceptional cases, RSERC may decide to hold a public consultation when it finds it necessary to collect additional evidence in order to make a fair decision on the incentives application.

RSERC decides the incentive entitlement application based on the completed application and the energy certificate obtained from the RES Operator, not later than **30 days** from the date of receipt of the completed application, except in the case when it decides to hold a public consultation whereby this time limit may be extended for a maximum of additional **30 days**.

If all the criteria and requirements are met to grant the incentive entitlement for a power generation plant using renewable sources or highly efficient cogeneration, RSERC makes the final Decision to grant the entitlement to incentives.

In case the investor has already obtained the entitlement to an incentive and wishes to change the type of the incentive, it must submit a new application to RSERC.

HOW LONG IS THE RIGHT TO AN INCENTIVE VALID?

The right to mandatory power purchase at a guaranteed purchase price (feed-in tariff) or the right to a premium price are granted for a period of **15 years** maximum.

NOTE: An investor who receives a Decision granting the incentive entitlement must submit an application to the RES Operator to conclude a Contract on feed-in tariff or a Contract on a premium price no later than 15 days from the date of receipt of the Decision.

4.12.5. PURCHASE OR PREMIUM CONTRACT

WHAT IS A PURCHASE / PREMIUM CONTRACT?

A power purchase contract and premium contract are contracts that an investor concludes with the RES Operator after obtaining a Decision on the right to an incentive.

The type of contract depends on the type of incentive granted:

- 1) Contract on mandatory purchase of power at feed-in tariffs for power produced from renewable energy sources
- 2) Contract on mandatory purchase of power at feed-in tariffs for power produced in highly efficient cogeneration plants
- 3) Contract on a premium

Contracts are based on data provided in the Decision on the Approval of the Right to an Incentive.

The validity of the contract on a mandatory power purchase, during which the investor has the right to an unchanged guaranteed purchase price is established in the Decision on the Right to an Incentive.

A contract on the payment of a premium is concluded for a period of duration of the Right to an Incentive whereby the premium level is regularly (as a rule, annually) harmonized with the RSERC decision.

Template forms of all contracts are available at the Incentives Scheme Operator website.²⁵

²⁵ Available at: <http://ers.ba/podsticaj-proizvodnje-iz-obnovljivih-izvora-i-u-efikasnoj-kogeneraciji/>.

4.13. PROJECT REGISTER

WHAT IS THE PROJECT REGISTER?

The Project Register represents a single record of projects from renewable energy sources and in efficient cogeneration and contains information on the owner of the project and the project itself (location, type of facility, technical characteristics and other information).

The Project Register is kept by the **Ministry of Industry, Energy and Mining of Republika Srpska**. The Project Register is used for planning and tracking the fulfillment of goals set by the RS Action Plan for renewable sources. Investors must register their projects into the Register in order to obtain the right to incentives.

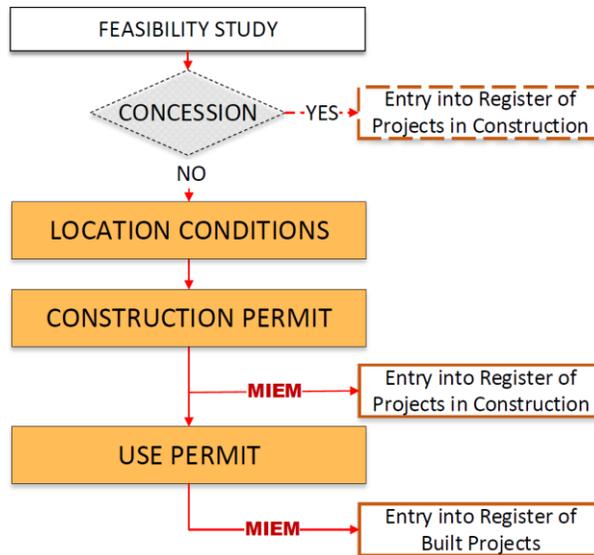
The Register contains data on each individual project, and for the following types of projects:

- 1) Projects in construction
- 2) Constructed projects
- 3) Abandoned projects

NOTE: Investors are legally obliged to enter renewable energy source projects in the Project Register not later than 30 days as of the day the Construction Permit has been obtained or a Concession Contract or Public-Private Partnership Contract has been signed.

IN WHICH PHASE OF CONSTRUCTION IS REGISTRATION REQUIRED?

The Diagram below shows the phases and order of entry into the Project Register with respect to Location Conditions, Construction Permit and Use Permit. As a rule, the entry into the Project Register follows the procedure for obtaining the right to an incentive; however, in case of a concession project, the entry into the Register of projects under construction is made immediately after the concession is granted.



WHAT SUPPORTING DOCUMENTS ARE SUBMITTED WITH AN APPLICATION FOR ENTRY INTO THE PROJECT REGISTER ?

The application to enter a project into the Register of Projects under Construction is submitted by post using a prescribed RP-1 form²⁶. The investor must submit the following documentation with the completed form:

| | |
|----|---|
| 1. | Contract on concession or public-private partnership (verified) |
| 2. | Decision on registration of the legal entity, i.e. decision on registration of an entrepreneur or certificate of residence |
| 3. | Feasibility study |
| 4. | Construction Permit |
| 5. | Permit for construction of power facility (energy permit), if issued in accordance with legislation on power engineering |
| 6. | Environmental Permit, if issued in accordance with legislation on environment protection |

For projects subject to concession, documents under 1, 2 and 3 are submitted.

For projects not subject to concession, documents under 2, 3, 4, 5 and 6 are submitted.

The documents should be originals or verified copies.

²⁶ Available at: <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mper/Documents/%D0%B7%D0%B0%D1%85%D1%82%D1%98%D0%B5%D0%B2%20%D0%B7%D0%B0%20%D1%83%D0%BF%D0%B8%D1%81%20%D0%BF%D1%80%D0%BE%D1%98%D0%B5%D0%BA%D0%B0%D1%82%D0%B0%20%D1%83%20%D1%80%D0%B5%D0%B3%D0%B8%D1%81%D1%82%D0%B0%D1%80.docx>

Following the entry into the Project Register, the Ministry issues a **Confirmation of Entry into the Project Register**.

HOW ARE AMENDMENTS MADE IN THE PROJECT REGISTER?

The entry of changes and amendments into the Project Register is done using the prescribed RP-2 form²⁷.

The investor must submit an application to the Ministry to change and amend data in the Project Register not later than **15 days** from the day the change took place.

With the application to change or amend data, individual changes and amendments as listed accompanied by appropriate evidence.

Following the entry of the project into the Project Register, the Ministry issues to the applicant a confirmation of the entry into the Project Register as well as a confirmation of entry of all subsequent changes and amendments.

WHAT DOES THE COMPETENT AUTHORITY DO IN THE PROCEDURE TO ENTER A PROJECT IN THE PROJECT REGISTER?

The Ministry of Industry, Energy and Mining of Republika Srpska first checks whether the application contains any deficiencies. If deficiencies are found, the Ministry requests from the investor to modify the application.

If the investor fails to remove the deficiencies within the given time limit, the application will not be considered submitted.

Upon receipt of a due application, the project is assigned a register number which is inscribed on the register envelope containing the received documents.

²⁷ Available at: <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mper/Documents/%D0%B7%D0%B0%D1%85%D1%82%D1%98%D0%B5%D0%B2%20%D0%B7%D0%B0%20%D0%B8%D0%B7%D0%BC%D1%98%D0%B5%D0%BD%D1%83%20%D0%B8%20%D0%B4%D0%BE%D0%BF%D1%83%D0%BD%D1%83%20%D0%BF%D0%BE%D0%B4%D0%B0%D1%82%D0%B0%D0%BA%D0%B0.doc>
[x](#)