

LAW
ON THE USE OF RENEWABLE ENERGY SOURCES AND EFFICIENT
COGENERATION

(Official Gazette of the Federation of BiH, number 70/13 and 5/14)

-Unofficial consolidated text-

I GENERAL PROVISIONS

Article 1
(Subject)

(1) By the Law on the Use of Renewable Energy Sources and Efficient Cogeneration (hereinafter: the Law) shall be regulated:

- a) promotion of the use of renewable energy sources (hereinafter: RES) and efficient cogeneration (hereinafter: EC),
- b) defining the binding goals of share of RES in the gross final consumption of energy in the Federation of Bosnia and Herzegovina (hereinafter: the Federation),
- c) defining the mandatory goals of share of RES in the generation of electricity, heating and cooling energy and the consumption of RES in transport,
- d) defining the technologies for the use of RES and EC,
- e) exploring the potential of RES
- f) incentive measures for the generation of electricity and heat energy from RES and EC and incentive measures for the use of RES in transport,
- g) rules on issuing the Guarantee of Origin for electricity generated from RES and keeping the Register on issued Guarantees of Origin (hereinafter: Register of the Guarantee of Origin), their transfers and annulments,
- h) keeping the Register of Projects and Plants of RES and EC (hereinafter: the Register of Projects),
- i) the status of qualified, privileged and potentially privileged electricity producer from RES and EC,
- j) conditions for establishment and development of the market of electricity generated by using RES,
- k) construction of plants for the electricity generation from RES and EC,
- l) connection of the plant of RES and EC to the electricity network,
- m) administrative procedures of the competent authorities for issuing legal acts prescribed by this Law,
- n) obligations concerning the informing the public and improvement of the knowledge of the responsible and interested institutions, legal and natural persons and other questions significant for the use of RES and EC.

Article 2
(Goals)

(1) The goal of this Law is the promotion of generation of electricity and the heat and cooling energy from RES and EC, as well as the use of RES in transport for the consumption in the local market and the increase of the share in the gross consumption of energy and ensuring the development of incentive measures, regulatory framework and technical infrastructure for RES and EC.

(2) By encouraging the electricity generation from RES and the generation of the heat and electrical energy in cogeneration (combined cycle) as well as the uses in transport shall be ensured:

- a) the realization of the electrical policy concerning the share of energy generated from RES in the gross consumption of energy in the Federation,
- b) establishing and the development of electricity market generated by using RES and EC,
- c) the contribution to environmental protection,
- d) dependence reduction from the import of fossil fuels and their impact on the environment,

- e) support to the realisation of the obligations that Bosnia and Herzegovina has taken over by signing the international treaties (United Nations Framework Convention on Climate Change- UNFCCC, Kyoto Protocol, Treaty Establishing Energy Community of the Countries of South East Europe)
- f) favorable ambience for the domestic and foreign investors related to the safety of investments in the construction of the plants
RES and EC,
- g) encouraging, introducing, application and development of new technologies and equipment and the development of the domestic economy in general,
- h) contribution to the sustainable development, new job openings, entrepreneurship development in the field of energy,
- i) long-term provision of energy, increased security of electricity supply and development of the power sector in general,
- j) rational use and diversity of primary energy sources,
- k) creating conditions for regional development, especially in rural and underdeveloped areas,
- l) creating assumptions for quality disposal of certain types of waste.

Article 3

(Definitions and terms)

- (1) Definitions and terms in the sense of using of this Law shall have the following meaning:
- a) **Electricity generated from renewable sources** shall mean electricity generated in power plants using only renewable energy sources, as well as the portion of electricity produced from renewable energy sources in hybrid plants using conventional energy sources, including electricity produced from RES plants which are used to charge accumulation system, but exclude electricity produced as a result of pump accumulation system.
 - b) **Energy permit** shall mean administrative act that issues the Federal Ministry of Energy, Mining and Industry (hereinafter: the Ministry) to the investor in the procedure of collecting necessary permits for the construction of the generating electricity facility.
 - c) **"Natural person"** shall be the person, in the sense of self-financing, registered in accordance with the Law on the company for conducting activities of generation of electricity in the facilities of installed capacity up to 150kW.
 - d) **Guarantee of Origin of electricity** shall mean the document in electronic or in written form by which it is established to the final user that a given share or the quantity of electricity was produced in the plant by using RES and that it corresponds to the amount of generated electricity of 1MWh.
 - e) **Guaranteed purchase price** shall mean the price paid to the privileged producer of electricity from RES and EC in the time of the duration of Electricity Purchase Agreement.
 - f) **Hybrid power plant** shall mean a plant for the generation of electricity and/or heat energy by using two or more different energy sources, of which at least one is renewable energy source. Plants which do not use even one renewable energy source may not be considered hybrid plants in the sense of this Law.
 - g) **Price index/inflationary factor** shall mean numerical value of index prices for electricity supply established by the Institute of Statistics of the Federation and published in the Statistical Yearbook.
 - h) **Installed capacity of the power plant** shall mean the summation of the nominal capacity of all production units in the plant.
 - i) **The bearer of the project** shall represent the legal or natural person that develops the project and performs it by phases within the set time with the consumption and exploitation of the different and limited available resources.
 - j) **Investor** shall mean legal or natural person that finances the construction of the plant of RES and EC.

- k) **Examiner of the potential of RES** (hereinafter: the Examiner) shall mean the bearer of the project, that for the purpose of construction of the plant, conducts the examination of the potential of RES (wind potential, hydro potential, the potential of the geothermal energy or other renewable source of energy).
- l) **Cogeneration plant** shall mean the plant, where the cogeneration is conducted, i.e. simultaneous production of the heat and electrical and/or mechanical energy. Cogeneration plant may also include peak boilers, if they make one unit which is not physically possible to separate.
- m) **Municipal waste** shall mean the households' waste and also other waste which due to its nature or composition is similar to the household waste.
- n) **End customer** shall mean the customer who buys electricity for his own needs.
- o) **Customer** shall mean wholesale customer or the end customer of electricity.
- p) **Qualified customer** shall mean the producer that may freely purchase electricity from the supplier/merchant of his choice.
- q) **Qualified producer** shall mean the producer that in the individual facility for the production of electricity produces electricity using waste or renewable energy sources in economically appropriate manner, including combined cycle of production of the heat and electrical energy, which is harmonized with the environment protection and what may be acquired on the basis of the decision of the competent authority.
- r) **Micro plant of RES** shall mean the plant for the generation of electricity from RES, of installed capacity between 2 kW and 23 kW, which has the right for realization of the special incentive, as defined in Article 27 of this Law.
- s) **Competent authority** shall mean any competent institution for issuing administrative acts in accordance with the valid laws and regulations at the state, federal, cantonal and municipal level.
- t) **Incentive fee** shall mean monetary supplement to the electricity price for all end users of electricity which is issued for stimulating the use of RES and EC.
- u) **Renewable Energy Sources** shall mean renewable non-fossil energy sources (wind, sun, geothermal sources, waves, tide, hydropower, biomass, landfill gas, gas from the waste processing plant and biogas).
- v) **Operator for RES and EC** shall mean legal person that performs businesses in accordance with Article 10 of this Law. The operator for RES and EC does not have the status of the supplier.
- w) **System Operator** shall mean the Operator of the transmission system and the Operator of the distribution system.
- x) **Efficient cogeneration plant** shall mean the plant described in paragraph (1), point y) subpoint 9) of this Article.
- y) **Plant for the use of renewable energy source and efficient cogeneration** (hereinafter: RES and EC plant) shall mean the plant intended for generation of electricity or electrical and heat energy from the renewable energy sources, with one or more generation units, which depending on the primary source /technology can be:
- 1) Hydroelectric plant - generation of electricity by using the energy watercourses.
 - 2) Wind power plants - generation of electricity by using the energy of wind, including all individual plants which are connected with the generation of electricity, such as one or more wind turbines with the corresponding transformers stations and power lines and the management and other buildings or buildings that serve to the wind power plant operation.
 - 3) Solar power plant - generation of the electrical and/or heat energy by using the solar radiation.
 - 4) Geothermal power plant - generation of the electrical and/or heat energy by using the geothermal energy.

5) Biomass power plant - generation of electrical and/or heat energy by using biodegradable fractions, waste and agricultural residues, wood industry and the other related industries and from the households.

6) Biogas power plant - generation of the electrical and/or heat energy by using landfill gas, the gas produced by waste water treatment and the agricultural biogas from the agricultural residues.

7) Power plant that uses the sea energy - generation of electricity by using sea energy: waves, tidal power.

8) Power plant that uses municipal waste - generation of electrical and/or heat energy by using liquid or solid waste or the solid waste in combination with some fossil fuel or RES, with the condition that the share of the waste is at least 80% of the primary energy.

9) Efficient cogeneration plant shall mean the plant in where the cogeneration is performed and meets the conditions for fuel savings, as it is defined by the Rulebook on efficient cogeneration.

z) **Potential privileged producer** shall mean the investor that has received the status by the Decision on the appointment of the Operator for RES and EC and that acquires the right that with the Operator for RES and EC shall conclude preliminary agreement on electricity purchase.

aa) **Preliminary Agreement for the purchase of electricity generated from RES and EC plants** shall mean preliminary agreement signed between the Operator for RES and EC and the potential privileged producer, that represents the guarantee to the Investor that if the Investor constructs the RES and EC plant in the time prescribed and in accordance with the regulations, the Investor shall have the right on acquiring the status of privileged producer.

bb) **Privileged producer** shall mean qualified producer that meets the requirements prescribed by this Law.

cc) **Project for the use of renewable energy source and efficient cogeneration** (hereinafter: the Project) shall mean the preparation and construction of the plants that use RES and which is registered in the Registry of Projects.

dd) **"Reference price of the electricity"** shall mean purchase price of the electricity from the plants that use renewable sources and cogeneration, whose generation is not encouraged and is used for establishing fees that are paid for renewable sources and is established by Regulatory Commission and is identical for all primary sources for generation of electricity from RES and EC.

ee) **Agreement on the purchase of electricity generated from RES and EC plants** shall mean the Agreement signed between the Operator for RES and the privileged producer.

ff) **Law on Electricity** shall mean the valid Law on Electricity in the Federation of Bosnia and Herzegovina.

gg) **Existing project** shall mean the project for which is obtained concession agreement, i.e. previous permit for construction of the plant RES and EC, before entering into force of this Law, or which is in the construction phase or it has already been constructed.

hh) **Dynamic quota** shall be the maximum level of the installed power of the RES and EC plant for each primary source, whose generation of electricity is encouraged in one calendar year.

ii) **Tariff coefficient** shall be the numerical value joined to each group and type of the plant for the generation of the electricity from RES multiplied with the reference price makes the guaranteed purchase price.

2) Definitions and terms used in this Law and which are not explicitly stated in the paragraph (1) of this Article, are located in the Law on Electricity.

II BINDING GOALS

Article 4

(Binding goals for the use of RES)

- (1) Development and the use of RES in Bosnia and Herzegovina as well as the national objectives regarding the share of energy from RES in the gross final energy consumption in Bosnia and Herzegovina, in the period up to 2020 shall be established by the national action plan of the use of the renewable energy resources of Bosnia and Herzegovina (hereinafter: NAPRE).
- (2) Integral part of NAPRE is the Action Plan for the use of renewable energy resources in the Federation (hereinafter: APREF) by which, in the framework of the national goal of the use of renewable energy sources shall be stated binding goals of the Federation on the share of energy from RES in the gross final electricity consumption, energy for heating and/or cooling and the energy for transport, taking into account the effects of regulatory measures that refer to the improvement of energy efficiency and saving the energy at the end customers as well as the other measures with the purpose of fulfillment of the set goals.

Article 5

(Action Plan of the Federation for RES)

- (1) APREF, prepared in the cooperation with the Federal Ministry of Spatial Planning, Federal Ministry of Agriculture, Water Management and Forestry, Federal Ministry of Transport and Communications, Federal Ministry of Environment and Tourism and the competent cantonal ministries, upon the proposal of the Ministry shall adopt the Government of the Federation within six months of the day of entering into force of this Law.
- (2) APREF shall be harmonized with the electricity strategy of the Federation and among other things, defined the review of energy consumption from RES after the adoption of this Law, including:
 - a) planned gross final energy consumption from RES in heating and cooling, electricity and transport, regarding the effects of the energy efficiency and energy savings, expressed in kilotons of oil equivalent (ktoe),
 - b) planned share of RES in the overall energy consumption from RES in heating and cooling, electricity and transport expressed in percentages,
 - c) share of renewable energy of each sector in the end energy consumption,
 - d) share of the renewable energy in transport,
 - e) assessment of the overall share (installed capacity of the overall electricity generation) expected of each technology for renewable energy,
 - f) maximum level of the installed power of the privileged producers for each technology (hereinafter: dynamic quotas),
 - g) policy and measures for promotion and incitement of energy consumption from RES, in accordance with the regulations in the area of competition and Government Assistance,
 - h) common measures of ministries and institutions stated in paragraph (1) of this Article
- (3) The Ministry shall submit to the Government of Federation the report on implementation of APREF to 30 September of each following year.
- (4) Amendments of APREF shall be performed once a year upon the procedure from paragraph (1) of this Article not later than 31 March of the current year for the current year.

Article 6

(Methodology for calculating the share of RES in the gross energy consumption in the Federation)
Methodology for calculating the share of RES in the gross final energy consumption shall issue the Ministry within 60 days, from the day of entering into force of this Law in the consultation with the expert community and other relevant subjects of this field.

III REGISTER OF PROJECTS

Article 7 (Register of Projects)

(1) Register of Projects is a unique record of projects of RES and EC, led by the Operator for RES and EC which shall include:

- 1) projects in the testing phase,
- 2) projects under the construction
- 3) constructed plants and
- 4) abandoned projects.

(2) The Ministry shall submit to the Operator the structured Register of Projects of the renewable energy sources and cogeneration within six months from the day of entering into force of this Law.

(3) The Operator for RES and EC shall draw up new Instruction on keeping and updating the Register of projects and deliver it to the Ministry for approval, within 60 days from the day of taking over the Registry of Projects from paragraph (2) of this Article.

(4) Projects entered in the Register from paragraph (2) of this Article, after the adoption of the Instruction from paragraph (3) of this Article shall not be the subject to additional procedures.

(5) Insight into the Register of Projects shall be public and available in the premises and the website of the Operator for RES and EC.

(6) Entry in the Register of Projects shall be obligatory for all projects from paragraph (1) of this Article.

IV POTENTIAL TESTING

Article 8 (Potential testing of RES)

(1) Potential testing of RES shall be conducted on the basis of plans of energy sector development in Federation/cantons and municipalities as well on the initiative of the potential investors.

(2) Potential testing of RES may be conducted by a legal person which fulfills the conditions regarding expert staff and appropriate measurement equipment.

(3) Fulfillment of the conditions from paragraph (2) of this Article shall establish the Ministry by the Decision on the basis of the Rulebook adopted within six months from the day of entering into force of this Law.

(4) Potential testing from paragraph (1) of this Article shall be conducted pursuant to the Decision on the Approval of potential testing issued by the competent authority for spatial planning and construction, which is prescribed the manner of setting the temporary building and measurement equipment for potential testing and the conditions for the use of land, facilities and other goods in the time of testing of the potential.

(5) By the Decision on Approval of the Potential Testing shall not be acquired the right over the project.

(6) Within the six months of issuing the Decision on the Approval of the Potential Testing, the bearer of the Decision on the Approval of the Testing of the Potential shall be obligated to start potential testing. The bearer of the Decision on the Approval of the Potential Testing shall be obligated that before the starting of the potential testing to submit to the Ministry the Decision on Approval of the potential testing, issued by the competent administration authority.

(7) The bearer of the Decision on the Approval of the Potential Testing shall be obligated to execute the activities from paragraph (6) of this Article and to submit to the Ministry the report on the executed Potential Testing, within 18 months from the day of issuing the Decision on the Approval of the Potential Testing. The Ministry, at the written request and the explanation of the bearer of the Decision on the Approval may extend the deadline of 18 months in which the bearer of the Decision was obligated to perform testing on the requested period, if the potential testing demands a longer time period or there are other reasons for the extension of the deadline on which the bearer of the Decision may not influence.

(8) The Ministry shall initiate proceedings for the termination of the validity of the Decision from paragraph (4) of this Article at the competent authority which has issued the Decision, if the bearer of the Decision on the Approval of Potential Testing shall not submit written evidence from paragraph (6) and (7) of this Article.

V RES AND EC OPERATOR

Article 9

(Establishment of the Operator for RES and EC)

(1) With this Law shall be established RES and EC Operator with the purpose of creating the institutional structure for operationalization of system of production incentives and the purchase of the electricity from the plants which use RES and EC.

(2) RES and EC Operator shall be a subject, established as non-profit legal person and shall be established in accordance with this Law.

(3) RES and EC Operator shall be financed in part from the incentive fees realized in accordance with Article 22 of this Law and the incomes realized on the basis of issuing administrative acts, in accordance with the internal acts issued by the RES and EC Operator.

(4) The Government of the Federation shall, at the proposal of the Ministry, issue a Decision by which it shall be arranged status questions and organization of the RES and EC Operator, within 30 days from the day of entering into force of this Law.

(5) In accordance with this Law ,RES and EC Operator shall be functionally established within three months from the day of entering into force of this Law.

(6) Work and business of the RES and EC Operator shall regulate and supervise the Ministry and Regulatory Commission, each of them in accordance with its competencies.

(7) The Headquarters of the RES and EC Operator is in Mostar.

Article 10

(RES and EC Operator competencies)

(1) RES and EC Operator shall have the following competencies:

- a) to issue internal rules of work and businesses of the RES Operator,
- b) to collect, process and keep records on the overall electricity generated in the plants of the qualified producer,
- c) in accordance with Article 26 of this Law , upon the request of the privileged producer shall conclude Electricity Purchase Agreement at the guaranteed purchase prices and shall conduct the purchase of the overall electricity generated from the plant of the privileged producer,
- d) in accordance with the Article 20 of this Law, upon the request of the qualified producer shall conclude the Electricity Purchase Agreement at the reference price and shall conduct the purchase of the overall electricity generated from the plants of the qualified producer,
- e) in accordance with Article 26 of this Law and upon the request of the potential privileged producer shall conclude preliminary greement for the Electricity Purchase at the guaranteed purchase prices
- f) to perform the calculation and payment of financial funds for the delivered electricity to the privileged producers that have concluded the Agreement with the RES and EC Operator at the guaranteed prices, that is, to the qualified producers at the reference price for the delivered quantities of the generated energy,
- g) to conclude Electricity Purchase Agreement with the microproducer, in accordance with Article 27, paragraph (2) of this Law and to perform calculation and payment of the financial funds for the delivered electricity,
- h) with each individual supplier from Federation and qualified customer that supplies the electricity for their own needs from the supplier outside the territory of the Federation , shall conclude an agreement by which will be arranged in detail all mutual rights ad obligations, including the gathering of fees as well as the obligation of the supplier and qualified buyers to issue RES and EC Operator corresponding guarantees for insurance payments,

- i) make analysis of the realized quantities of the electricity in the relation to the planned quantities of electricity generated from RES,
- j) to conduct invoicing and collections from the supplier for the delivered electricity generated from the plant of the privileged producers at the reference price,
- k) to gather and process data on the gross final electricity consumption in the Federation delivered by the network operator, suppliers and qualified customers from point h) of this paragraph, on monthly basis, for the calculation of fees,
- l) to gather fees for the incentives of the suppliers and qualified customers from point h) of this paragraph,
- m) to participate in proposing of rules on balancing the energy system in the cooperation with the authorized institutions, including also the rules for the calculation of fees for imbalance, which are in the competencies of the Independent System Operator in Bosnia and Herzegovina (hereinafter: ISO),
- n) in the name of the privileged producers to conduct the payment of the funds for balancing of the electricity system to the competent authority,
- o) to keep a transaction account for the calculation and payment of the electricity produced from RES and EC,
- p) to perform the prescribed activities related to the promotion of RES and EC,
- q) to submit semi-annual reports and annual reports on businesses of the Ministry and the Regulatory Commission,
- r) to keep the Register of Guarantee of Origin as is described in Article 11 and 17 of this Law, to issue, perform the transfer and annulment of the guarantees off origin of the electricity and the energy of heating and cooling,
- s) to keep the Register of Projects
- t) to keep the records on the realization and compliance with the procedures of the purchase of energy from RES.

(2) The Ministry shall report the Government of the Federation on the work of the RES and EC Operator, at least once a month.

VI GUARANTEES OF THE ORIGIN

Article 11

(Guarantees of the origin for the electricity produced from RES)

(1) Guarantee of the origin shall be issued upon the request of the qualified producer for the purpose of evidence to the suppliers and the end customers that the origin of the electricity which was produced in their production plants is from renewable energy sources.

(2) Guarantee of the origin from paragraph (1) of this Article shall be issued only once for a certain quantities of electricity generated in a certain period on which is kept a special record.

(3) Guarantee of the origin shall be standardized for the sizes from 1 MWh and shall contain information on:

- a) the owner of the plant and the address of the owner,
- b) the location of the plant, installed power and the date of the start of work of the plant,
- c) technical characteristics of the plant, energy sources (energy products) from which the electricity is produced, arranged according to the scope of use, including also the information on the scope (percent) of which the electricity is produced from RES in the case of hybrid plants, quantity of the produced electricity for one or more full calendar consecutive months,
- d) date, state of issuing and the unique identification number.

(4) Guarantee of the origin of electricity generated from renewable sources of energy shall serve as proof of incitement of larger consumption of the electricity generated from renewable energy sources in accordance with the nationally significant goals stated in Article 4 and producers of the electricity from renewable energy sources that the electricity which they sell is truly a product of renewable energy sources in the sense of this Law.

Article 12

(Register of the Guarantee of Origin and rules of issuing the Guarantee of Origin)

- (1) RES and EC Operator shall establish the Register of the Guarantee of Origin of electricity and to ensure mechanisms of processing the data, within six months from the functional establishment of the Operator.
- (2) Insight in the Register of the Guarantee of Origin shall be public and available on the web page of the Operator.
- (3) RES and EC Operator shall prepare Rulebook on the procedure of submitting the request for issuing Guarantee of Origin, within six months of the functional establishment of RES and EC Operator.
- (4) By the Rulebook from paragraph (3) of this Article, which approves the Regulatory Commission, among other things shall define:
 - a) documentation submitted in the enclosure of the request,
 - b) time limit in which the Operator shall answer to the submitted request,
 - c) monitoring procedures, in accordance with Article 15 of this Law,
 - d) procedures applicable for issuing, transfer and annulment of the Guarantee of Origin.

Article 13

(Issuing, transfer and annulment of the Guarantee of Origin)

- (1) RES and EC Operator shall issue the Guarantee of Origin of electricity produced from RES on the basis of:
 - a) data obtained from the qualified producer of the electricity from RES and
 - b) data obtained from the System Operator.
- (2) Guarantee of Origin may be used within 12 months from the issuing date and after the use or the expiration of the validity date shall be annuled.
- (3) RES and EC Operator shall be competent for transfer and annulment of the Guarantees of Origin.

Article 14

(Issuing the Guarantee of Origin for special plants)

- (1) Guarantee of Origin shall not be issued for electricity generated from the pumped hydroelectric plants by using water by which is, previously, the accumulation filled in the pump work regime of the hydroelectric plant.
- (2) For the electricity generated from the municipal waste, the Guarantee of Origin shall be issued only for the part of the electricity generated from the biodegradable fractions of waste.
- (3) For electricity generated in the hybrid plant, the Guarantee of Origin shall issue only for that part of the electricity generated from RES.

Article 15

(Monitoring procedures)

- (1) RES and EC Operator shall have a free access to the plants of the qualified producers and all data which apply on the plants and energy products, used in it, with the aim of authentication of the fulfillment of all criteria for issuing Guarantee of Origin and confirming that all data in the Register of the Guarantee of Origin are valid.
- (2) For conducting businesses from paragraph (1) of this Article, the qualified producer shall be obligated to enable undisturbed work to the RES and EC Operator.
- (3) Electricity generated from RES may not be sold to the end user as the electricity generated from RES, in the case when the accompanying Guarantee of Origin is used or sold by the qualified producer.

Article 16

(International acknowledgement of the Guarantee of Origin)

Guarantee of Origin for the electricity generated from RES issued in the territory of Bosnia and Herzegovina shall be acknowledged in the Federation by the reciprocity principle, in any of the countries of the European Union or the signatory country of the Energy Community Agreement.

Article 17

(**Guarantees of Origin for energy of heating and cooling generated from RES and EC**)

(1) The Government of the Federation ,at the proposal of the Ministry, shall make a decision on the manner of issuing the Guarantee of Origin for heat energy generated from RES.

(2) Guarantees of the Origin from paragraph (1) of this Article may be used exclusively on the territory of the Federation.

(3) The decision from paragraph (1) of this Article , the Government of Federation shall make after the functional establishment for RES and EC.

VII DYNAMIC QUOTAS

Article 18

(1) Dynamic quotas shall be determined on the basis of Article 2, point j) and point k) and Article 5 of this Law.

(2) Dynamic quotas shall be determined in the overall planned amount of incentive generation for every primary source, without the division on the types of plants and are expressed in kWh.

Article 19

(Determining and filling the dynamic quotas)

(1) In dynamic quotas shall be represented all primary sources for generation from renewable energy sources with at least 5% of the aimed share for generation of energy from plants for RES and EC.

(2) Dynamic quotas shall be filled in the order by which the projects for construction of the plants for generation of RES and EC have been registered in the Register of Projects of RES and EC from Article 7 of this Law.

(3) Unfilled quotas for a specific primary sources from the previous year shall be filled with the sources for which in the previous year the quotas have been filled.

VIII INCENTIVE MEASURES FOR THE USE OF RES

Article 20

(Advantages for the producers of electricity from RES)

(1) The producers of electricity that use RES shall have the advantages in solving the requests for connection to the electricity network , in relation to the plants which do not use RES and are in accordance with the valid regulations and rules by which are regulated the connection on the portable and distributive network.

(2) Producers of the electricity from the previous paragraph acquire a status of the qualified producer in accordance with the Rulebook on acquiring the status of the qualified producer and on the basis of the decision issued by the Regulatory Commission.

(3) Producers of electricity that use RES and have acquired the status of the qualified producer shall have the advantages:

a) the priority of the delivery of the generated electricity from RES in the network, that is, the priority in dispatching, in accordance with the valid regulations and rules by which is regulated the work of electricity system of Bosnia and Herzegovina.

b) the priority of the delivery of electricity in the network generated in plants whose installed power is less than 150kW, without reporting of the daily schedule to the Network Operator.

- (4) Qualified producers, who use partially or completely RES for electricity generation shall have the right to Guarantee of Origin in accordance with Article 11,12, 13 and 14 of this Law.
- (5) Qualified producer, that has not acquired the status of privileged producer, as well as the qualified producer with a expired status of a privileged producer shall have the right to a purchase of the generated electricity at a reference price, if its generation has been included in the obligatory quotas prescribed by APREF.
- (6) Qualified producer from paragraph (5) of this Article shall conclude Electricity Purchase Agreement at a reference price with the RES Operator who shall be obligated to prescribe a standard model of the Agreement within 30 days from the day of functional establishing of the Operator.

Article 21

(Establishing obligations on taking over of the electricity generated from RES)

- (1) All customers and suppliers of electricity in Federation shall be obligated to take over a part of the electricity generated by using RES in accordance with this Law and acts of the Regulatory Commission.
- (2) In accordance with APREF and the aims from Article 2, paragraph (2) point b) of this Law, the Regulatory Commission shall issue the Rulebook on obligatory share and taking over of the electricity generated from RES within six months from the day of entering into force of this Law.
- (3) Rulebook from paragraph (2) of this Article, among other things, shall prescribe:
- a) Obligations and procedures of taking over of the minimal quantities of electricity generated in the plants from RES and EC, of all suppliers and qualified customers, on an annual basis.
 - b) Obligations and procedures by which the suppliers and qualified customers, once a year shall prove that they fulfilled the conditions defined by the Rulebook,
 - c) All customers and suppliers of electricity in the Federation shall be obligated that, in accordance with paragraph (5), Article 20 of this Law, to purchase from the qualified producers all generated electricity at the reference price and until the establishing of the RES market and fulfilling quotas that relate on the binding goals from paragraph (2) , Article 4 of this Law.
- (4) Suppliers and qualified customers may supply electricity generated from RES at the territory of Bosnia and Herzegovina or some other country with which there is and agreement on mutual acknowledging of the Guarantee of Origin, under condition, that those quantities of electricity are calculated as the fulfillment of the part from obligatory goals of NAPRE for Federation.
- (5) Procurements from paragraph (4) of this Article must be in accordance with the regulations and principles from the field of the competition.

Article 22

(Incentive of electricity generation from RES and EC and determining the incentive fees)

- (1) All end customers of electricity in the Federation shall be obligated to pay incentive fee.
- (2) Upon the request of the Ministry and prepared in cooperation with the Regulatory Commission, the Government of the Federation shall adopt Regulation on the incitement of electricity generation from RES and EC and determining of the incentive fees, within six months from the day of entering into force of this Law.
- (3) With the Regulation from paragraph (2) of this Article, among other things shall define:
- a) manner of determining and collecting incentive fees from the end customers of electricity,
 - b) the manner of collecting and using special taxes from environmental pollutants in the Federation, for the necessities of incentives of using RES.
 - c) Criteria regarding the size of the individual plants for each technology which may have the status of the privileged producer and Tariff coefficients from Article 3, paragraph (1), point ii), including a precise definition of the term "plant" for different technologies of using RES and EC.
 - d) Criteria that determine the size of the individual plants for each technology that may have the status of privileged producer and Tariff coefficients from Article 3, paragraph (1), point ii) of this Article shall harmonize once in 18 months.
 - e) maximum time of plant construction and its network connection, during which the investor shall be guaranteed status of the potential privileged producer, in accordance with APREF for each of the technologies defined in Article 3, paragraph (1), point y).

- f) The plan of collecting the incentive fees for the use of RES and EC in the period of 10 years, in accordance with the dynamic quotas from Article 5,6,18 and 19 of this Law and the guaranteed prices.

Article 23

(Obtaining the status of the privileged and potential privileged producer)

- (1) Privileged electricity producer shall be the qualified producer that has the right to purchase from him at guaranteed prices the overall quantities of generated electricity during the pre-determined period, in the sense of this Law.
- (2) Status of the privileged producer may be the holder of the Work Permit - Licence for conducting the activity of generation of electricity, by which, in accordance with the Article 20, paragraph (2) of this Law, shall be establish the status of the qualified producer.
- (3) The request for obtaining the status from paragraph (1) of this Article, shall submit the qualified producer to the RES and EC Operator with the corresponding evidence in accordance with the positive legal regulations that regulate this area.
- (4) For obtaining the status of the potential privileged producer it shall be necessary to obtain the Energy permit, if that is prescribed by the Law on Electricity for the required type of plants and installed power.
- (5) The Ministry shall keep the Register of received requests for issuing energy permits for a privileged producer from RES and EC and the Register of issued Energy permits for a privileged producer from RES and EC.
- (6) Energy permits shall be issued in that order which the requests for issuing energy permits have been received and entered in the Register from paragraph (5) of this Article. As a entry date in the Register of received requests for issuing Energy permits for a privileged producer from RES and EC shall serve the date of entry of the complete request for issuing Energy permit for a privileged producer from RES and EC.
- (7) The request for obtaining the status from paragraph (4) of this Article, the investor shall submit to the RES and EC Operator, with the corresponding evidence prescribed by the Regulation from Article 22, paragraph (3) of this Law, stating:
 - a) name and address of the investor,
 - b) name and the location of the plant,
 - c) installed power of the plant,
 - d) technical characteristics of the plant and the primary energy sources (energy products) from which the electricity is generated,
 - e) necessary time for the construction of the plant and the network connection.
- (8) Solving by the requests from paragraph (3) and (5) of this Article, RES and EC Operator shall authenticate the correctness of data and the fulfillment of the criteria for awarding the status of the privileged producer, that is, the potential privileged producer and to notify the investor, that is, the qualified producer on his decision, within 30 days from the day of issuing the request. RES and EC Operator shall solve the received requests by the order of maturity and the date of completion of the same.

- (9) Solving by the request from paragraph (5) of this Article, the RES and EC Operator shall make a decision which may be:
- a) positive, if the plant meets all criteria and if by its complete installed power it enters in the dynamic quota foreseen for that type of plant in the moment of submitting the request,
 - b) the offer for placing on the waiting list, if the plant meets the criteria regarding the size of the plant and the time needed for its construction and connection on the network, if the dynamic quota for that type of plant was filled in the moment of submitting the application. In that case the Operator shall give a clear information to the investor when the plant could be included in the quota, in the earliest time.
 - c) negative, if the plant does not meet the criteria regarding the installed power of the plant or the necessary time for its construction and connecting to the network. In that case, RES and EC Operator shall deliver the precise information on the subject which criteria was fulfilled.
 - d) The Act of the RES and EC Operator, by which the decisions are made from point a), b) and c) of this paragraph shall mandatory contain the instruction of the legal remedy.
- (10) Investor, who, by obtaining the negative answer shall restore the application to the RES and EC Operator, as relevant shall be considered the date of submitting the repeated application.
- (11) The investor, who, obtains the offer for placing on a waiting list shall inform the RES and EC Operator, within 15 days from the day of receiving the decision to notify the Operator, if he accepts the offer. If the answer is positive, the Operator shall be obligated to officially include the investor's plant on the waiting list with the date of the submission of the application.
- (12) The investor who, obtains from the RES and EC Operator a positive answer shall be obligated that within 30 days makes a payment of a money deposit which is the guarantee that the plant shall be built within the anticipated time and which can not be bigger then 1% of the overall investment value of the project or to deliver a bank guarantee on the same amount payable upon invitation, after which he officially acquires the status of the potential privileged producer and the right of signing a Electricity Purchase Pre-agreement. The projects whose overall installed power of the plant does not exceed 23 kW (RES micro-plant) shall not be subjected to any obligation of paying deposit.
- (13) The manner of payment and the amount of the money deposit from paragraph (12) of this Article shall prescribe, at the proposition of the Ministry, by a special Decision of the Government of the Federation which shall be made within six months from the day of entering into force of this Law.
- (14) The qualified producer who obtains positive answer from RES and EC Operator by the request from paragraph (3) of this Article, and by the decision of the RES and EC Operator shall acquire the status of the privileged producer and the right of signing the Electricity Purchase Agreement.
- (15) The privileged producer, besides the benefits from Article 20, paragraph (3) shall realize the right of sale of the generated electricity at the guaranteed prices during the period of 12 years which is defined by the Electricity Purchase Agreement with the RES Operator.
- (16) After the expiry of the 12 years period, the privileged producer shall continue to use all rights related to the qualified producer which is not in the system of incentives.
- (17) Guarantee of Origin for generated electricity in the plants of the privileged producers, for the purpose of proving the origin of the energy, shall automatically transfer to the suppliers and qualified customers to which this energy is delivered and by which is ensured that the privileged producers may not realize additional material benefit by transfer or selling the Guarantee of Origin.

Article 24

(The obligation of RES and EC Operator regarding the publicity of the proceedings)

With the purpose of insurance of transparent proceeding of awarding the status of the privileged/potential privileged producer, the RES and EC Operator on his Web page shall publicly announce the following information:

- a) the information on dynamic quotas for all types of plants which use RES and EC with updated indicators of fulfillment of quotas for each type of plant,
- b) updated list of qualified producers/investors that have obtained the status of privileged/potential privileged producer by stating the date of submitting of the application, the type of plant and installed power of the plant.
- c) updated list of qualified producers/investors that have accepted to be on the waiting list, by stating the date of submitting the application, type of plant and the installed power of the plant.

Article 25

(Methodology of determining the guaranteed purchase prices and reference prices)

(1) Methodology of determining guaranteed prices of electricity for different technologies, defined in Article 3, paragraph (1) point y) of this Law, which the privileged producers use for generation of electricity as well as the criteria for their change shall make the Regulatory Commission by the special Rulebook within six months from the day of entering into force of this Law accompanied by the consultation with the expert community and other relevant subjects from this field.

(2) In drawing up the methodology for determining of the guaranteed purchase prices, it is taken into consideration:

- a) the form of primary energy,
- b) the contracted purchase period of 12 years,
- c) the technology which is used,
- d) the date of putting the plant into operation, or the date of the reconstruction and/or upgrade of the plant by the producer of electricity,
- e) installed power of the plant.

(3) The approval on the guaranteed purchase prices of electricity prepared by the Regulatory Commission, at the proposal of the Ministry, shall give the Government of the Federation.

(4) Guaranteed purchase price shall be different for each primary source and the type of plant and is calculated in the way by which the tariff coefficient, described in Article 3, point ii) of this Law, is multiplied with the reference price described in Article 3, point dd) of this Law.

(5) Guaranteed purchase prices shall be determined while respecting:

- a) goals from Article 2 of this Law,
- b) the assessment of the available primary sources and potential as well as the possible annual production,
- c) the influence which the fee for the incentive of the consumption from the RES and EC plants shall have on the end users,
- d) market prices which the power plant may achieve in the competitive conditions,
- e) the projections of the technology development and the expected construction costs.

(6) Tariff coefficients that serve for the calculation of the guaranteed purchase price, which are described in the Article 3, point ii) of this Law shall be adopted once in 18 months.

(7) Determination of the reference price of electricity shall be in the competency of the Regulatory Commission.

(8) Methodology for establishing the reference price by the special Rulebook shall pass the Regulatory Commission, within six months from the day of entering into force of this Law.

Article 26

(Preliminary agreement and the Electricity Purchase Agreement from the privileged producers)

(1) RES and EC Operator shall adopt the standard model of preliminary agreement for the purchase and the Electricity Purchase Agreement from the potential privileged and privileged producers within 30 days from the day of functional establishing of the Operator.

(2) Potential privileged producer shall have the right to conclude a preliminary agreement for the purchase and the privileged producer the Electricity Purchase Agreement with the RES and EC Operator according to the guaranteed purchase price determined in accordance with this Law.

(3) The Preliminary agreement among other things, shall contain an obligation the provisions related to the guaranteed purchase price, the period of the duration of the preliminary agreement, maximum allowed time of the plant construction, the obligations of the potential privileged producer related to the connection of the plant to the network and technical data on the plant and the planned generation.

(4) If the potential privileged producer does not execute the construction of the plant and the connection on the electricity network in the time marked in the preliminary agreement, the preliminary agreement shall be automatically terminated and the investor shall lose the status of the potential privileged producer without the right to ask for the refund of the deposit established in Article 23, paragraph (12) of this Law, except in the cases when it is about the administrative barriers.

(5) With the Agreement shall be, among other things, mandatory defined the guaranteed purchase price, period of duration of the agreement established by this Law, technical data on the plant and

planned generation, allowed time of deviation from the reported generation plan as well as the obligations regarding the submitting the data to RES and EC Operator.

(6) Agreement for new plants shall be concluded at the period of 12 years from the start of the plant operation.

(7) For the start of operation of the newly constructed plants for the electricity generation from RES and EC shall be taken the day when the plant starts to deliver the electricity on the network, that is, from the day of obtaining the operating licence, not taking into consideration the probationary work.

(8) During the probationary work the purchase of the electricity from the plants that use RES shall be conducted according to the reference price. The probationary work may not last longer than six months.

(9) After the expiry of the agreed period, the privileged producer shall lose the right on the guaranteed price from this Law and shall retain all other rights which the qualified producers have.

(10) The privileged producer shall have the right to terminate the Agreement, on which he has to notify the RES and EC Operator, no later than three months earlier.

(11) On the day of the termination of the Agreement, the qualified producer loses the status of the privileged producer and continues to use all the rights that relate to the qualified producer, who is not in the incentive system and he may unrestrictedly sell the generated electricity at the market and the RES and EC Operator shall be obligated to register this change in the dynamic quotas on which he shall notify the Ministry, Regulatory Commission and the Network Operator, within 15 days from the day of the occurrence of the change.

(12) After the termination of the Agreement, the qualified producer shall not have the right to ask again for the same plant the status of the privileged producer.

Article 27

(Incitement of the generation in RES Micro plants)

(1) The owners of RES Micro-plants from Article 3, paragraph (1) point r) shall be natural or legal entities that have to be end customers of electricity from one of the suppliers from the Federation.

(2) For RES Micro-plants shall be applied shortened procedures, in accordance with the Rulebook for RES Micro-plants, by which shall be defined the procedures at the construction, the conditions of the connection on the distributive network, the manner of measurement and the calculation of the generated electricity that the Regulatory Commission, in accordance with the deadlines defined in the Law on Electricity.

(3) RES Micro -plants must be located in the environment or within the existing facility that already possess the electricity meter. The connection of the same should be performed in the point of the existing measurement with the installation of the special meter, with which would be specially registered the production of RES Micro-plant.

(4) The electricity purchase generated from the RES Micro-plants shall be conducted by the guaranteed purchase prices, applied on the privileged producers for the same renewable source.

(5) The mandatory purchase of the electricity from paragraph (4) of this Article shall last 12 years and upon the expiration of this period the micro-producer shall acquire the right on the guaranteed purchase of the generated electricity by the reference price.

(6) RES Micro-producers shall not have the obligation at registering the plan of generation, or to participate in the balancing of the costs.

(7) All costs of the construction and connection of RES Micro-plant shall bear RES Micro-producer.

Article 28

(Connection on the network, participation in the balancing costs and the managing centre)

- (1) The connection of the new RES and EC plant on the electricity network shall be performed in accordance with the valid regulations which regulate the connection on the portable and distributive network.
- (2) For the plant connection from paragraph (1) of this Article, System Operators shall be obligated to ensure the most favorable point for the connection on the existing network from the aspect of costs of the plants and which meets all technical conditions for connection of the plant.
- (3) Privileged and qualified producers of electricity of the installed power greater than 3 MW shall be obligated to submit the prediction of their own weekly generation plans to the competent network operator and RES and EC Operator a day in advance. The privileged and qualified producers of the installed power from 150 kW to 3MW shall be obligated to submit their weekly plans of generation to the competent network operator and RES and EC Operator.
- (4) System Operators shall be obligated to prescribe the manner of predicting the generation and to deliver the data from paragraph (3) of this Article, within 60 days from the day of entering into force of this Law.
- (5) The privileged and qualified producers of the installed power to 150kW shall not be obligated to deliver their generation plans.
- (6) RES and EC Operator with the special Rulebook shall establish the methodology for distribution of the balancing costs for the privileged and qualified producers as well as the share which will be paid by the funds from the fees collected for incitement. The approval to this Rulebook shall give the Ministry and the Regulatory Commission, each in the area of its competencies.
- (7) The privileged and qualified producers of the installed power to 150 kW shall not pay the balancing costs of electricity system.
- (8) Privileged and qualified producers of the installed power over 150 kW shall pay the costs of balancing of their own generation to RES Operator on the manner established in paragraph (6) of this Article.
- (9) The competent System Operator shall be obligated to define a minimal installed power and the type of plant which use RES and EC, and for which the producer of electricity of that plant is obligated to establish their own managing centre.

Article 29

(Special measures to encourage the use of RES for heating and cooling)

The Government of the Federation, at the proposal of the Ministry, may be able to introduce the following supplementary incentive measures:

- a) Benefits for domestic generation and the equipment procurement used for the necessities of heating and cooling with the use of RES, like solar collectors for the preparation of the hot water, heat pumps for the use of the aerothermal, geothermal and hydrothermal energy and etc.
- b) Creating a local market of the heat energy generated from RES by introducing the Register of the Guarantee of Origin of the heat energy and introducing the obligation to the great consumers of the heat energy (industrial and municipal heating plants) that the part of the heat energy must be generated from RES,
- c) Other incentive measures from APREF.

Article 30

(Special measures to encourage the use of RES in transport)

The Government of the Federation, at the proposal of the Ministry shall by issuing the Regulation on amendments of the Regulation on the types, content and the quality of the biofuel in the fuels for motor vehicles , within six months from the day of entering into force of this Law, regulate the following:

- a) Minimum participation of the biofuel in the mixture of fuels sold by the end users for each year during the period 2012 to 2020,
- b) Procedures by which the suppliers of fuel may prove the fulfillment of obligation prescribed by the Regulation from this paragraph,
- c) Penal measures for suppliers who do not fulfill the obligations prescribed by the Regulation from this paragraph.

IX CONSTRUCTION OF PLANTS

Article 31

(Construction of the plant and capacity increase)

(1) Construction of the plant for generation of electricity from RES in the competency of the Federation shall be performed in accordance with the Law on the spatial planning and using of the land on the level of the Federation of Bosnia and Herzegovina („Official Gazette of the Federation of BiH“, No. 2/06, 72/07, 32/08, 4/10, 13/10 and 45/10) and the Law on Electricity.

(2) Plants which use RES and EC shall be built on the basis of procuring the Energy permit in accordance with the Law on Electricity.

(3) The other electricity facilities and plants, besides the facilities and plants which are in accordance with the Law on Electricity in the competence of the Federation shall be considered the local electricity facilities and plants and are subjected to regulations adopted by the cantonal authorities and harmonized with the Law on Electricity and this Law.

(4) Investors from Article 23, paragraph (12) of this Law shall be obligated to conduct the payment of the money deposit into the special account of the Treasury, in the manner prescribed by the Decision of the Government of the Federation from Article 23, paragraph (13) of this Law or to submit a bank guarantee payable upon invitation .

(5) At the construction of the RES and EC, the privileged producers shall be obligated to apply contemporary technologies and to perform the upgrade of the new, unused equipment.

(6) The increase of the generation capacity of RES and EC plant shall be considered as the construction of the separate plant, whose production shall count from the moment of commissioning .

(7) In the construction, use and maintenance phase of the electricity facility, the qualified and privileged producers shall be obligated to adhere to the provisions of the Law on Electricity, by-laws and technical regulations for this type of plant.

X INFORMATION AND TRAINING

Article 32

(Information and training)

(1) The Ministry, Regulatory Commission and RES and EC Operator, each of them within their competence shall conduct informing of the public on incentive measures for RES and EC.

(2) The Ministry, Regulatory Commission and the RES and EC Operator shall develop the corresponding educational programmes, public and expert discussions, workshops and training in order that the information on the use of RES and EC, like: the benefit of the use of RES and EC, additional costs which the use of RES and EC requires as well as the other practical information which would timely reach to the interested parties and citizens in the Federation.

XI ADMINISTRATIVE SUPERVISION AND INSPECTION

Article 33

(Administrative and inspection supervision)

The administrative supervision shall include the supervision over the application of the provisions of this Law and other regulations, the supervision over the conducting of the businesses determined by this Law, the supervision over the legality of the administrative and other acts which adopt the competent authorities as well as the supervision over their conduct shall perform the Ministry and the

Regulatory Commission, each within their competence, in accordance with the authorizations prescribed by this Law, Law on Electricity, Law on the Organization of Administrative Authorities in the Federation of the Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", number 35/05) and the Law on Administrative Procedure ("Official Gazette of the Federation of BiH", No. 2/98 and 48/99). This shall not exclude also the cooperation with the other competent authorities and organizations.

Article 34

(Inspection supervision)

(1) The control of the construction of the facilities, technical correctness, operational security of the electricity facilities and plants, the safety of people in the electricity facilities as well as the insight in the technical and operating records shall conduct the competent inspection in accordance with the special law.

(2) Inspection supervision shall include the supervision over the application of this Law, other regulations and general acts, standards, technical norms and quality norms which relate to designing, construction, that is, reconstruction, maintenance and the use of electricity facilities, installations, plants and equipment in those facilities, as well as the quality of the delivery of the electricity.

(3) Duties of the inspection supervision shall be conducted at the the manufacturer of the equipment, the contractor and the user of the electricity facilities, plants and devices which with the electricity installations make the technological entirety and are intended for the generation, transfer, distribution and use of the electricity ((hereinafter: electricity facilities and plants).

Article 35

(1) Duties of the inspection supervision over the electricity facilities and plants from Article 37 of this Law shall be conducted during the planning, designing, generation, construction, reconstruction, overhaul of the electricity facilities and plants, incorporations of electricity devices, installations and consumers and their uses.

(2) Duties of the inspection supervision shall include the quality control of electricity, the uses and maintenance of electricity plants in the aim of evaluation of their technical correctness, operational readiness, security of the operation, operational and other staff, rational use of electricity and conducting the measures of limitations of the consumption of the electricity.

Article 36

(1) Duties of the inspection supervision from Article 35 of this Law shall conduct the Federal Administration for Inspection Affairs, Technical Inspectorate, that is, Federal Electricity Inspectors and administrative cantonal authorities competent for the duties of the inspection supervision over the electricity facilities and plants, in accordance with this Law, Law on Inspections in the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", number 69/05), the corresponding cantonal laws, the Law on the Organization of the Administrative Authorities in the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", number 35/05) and by procedure established Law on Administrative Procedure ("Official Gazette of the Federation of BiH", number 2/98 and 48/99).

(2) Duties of the inspection supervision from the competence of the Federation shall conduct the Federal Administration for Inspection Affairs, Technical Inspectorate, that is, Federal Electricity Inspectors (hereinafter: the Federal Inspector) in accordance with the Law on Inspections in the Federation of Bosnia and Herzegovina ("Official Gazette of the Federation of BiH", number 69/05) and duties from the competence of the cantonal administration authorities shall conduct cantonal administrations for inspection affairs, that is, the cantonal electricity inspectors (hereinafter: the cantonal inspector).

Article 37

(Competencies in conducting the inspection supervision)

(1) Federal Inspector shall conduct duties of the inspection supervision over:

- 1) electricity facilities and plants for the generation of electricity which were given to him in the jurisdiction by the Law on Electricity
- 2) electricity facilities and plants for the transfer and electricity distribution of 35kV of voltage and higher,

- 3) electricity facilities and plants of 20 and 10kV of voltage and lower, which are located in the facilities that belong to them by the competence, and whose primary voltage is 35kV and higher,
- 4) electricity consumers of the power of 3.5 MVA and higher,

- 5) technical managing of the electricity system,
- 6) electricity users connected on the portable network.

(2) The other electricity facilities and plants except the facilities and plants from paragraph (1) of this Article, shall be considered the local electricity facilities, in the sense of this Law and are in the competence of the cantonal inspector.

XII PENAL PROVISIONS

Article 38 (Penal Provisions)

- (1) A fine amounting from BAM 5,000.00 to BAM 15,000.00 shall be imposed for the offence the legal entity if it does not fulfill the obligations of the purchase of electricity from RES, from Article 21 of this Law.
- (2) A fine amounting from BAM 1,000.00 to BAM 3,000.00 shall be imposed for the offence on the liable person in the legal person from paragraph (1) of this Article.
- (3) A fine amounting from BAM 5,000.00 to BAM 15,000.00 shall be imposed for the offence on the legal person if it starts the construction of the RES and EC plant without obtaining the previous prescribed approval from Article 31 of this Law.
- (4) A fine amounting from BAM 1,000.00 to BAM 3,000.00 shall be imposed for the offence from paragraph (3) of this Article on the liable person in the legal person.
- (5) A fine amounting from BAM 800.00 to BAM 1,500.00 shall be imposed for the offence from paragraph (1) and (3) of this Article on the natural person- the investor.
- (6) A fine amounting from BAM 1,000.00 to 10,000.00 shall be imposed for the offence from Article 31, paragraph (7) on the legal person and a fine amounting from BAM 1,000.00 to BAM 5,000.00 shall be imposed for the same offence on the liable person in the legal person.

XIII TRANSITIONAL AND FINAL PROVISIONS

Article 39

- (1) By entering into force of this Law shall cease the application of the Regulation on the use of RES and EC ("Official Gazette of the Federation of BiH", number 36/10 and 11/11).
- (2) Until the adoption of the subordinate regulations from this Law, with the aim of avoiding a possible legal vacuum shall be applied the following:
 - 1) the division of the plants depending on the installed power in the manner as it is defined in Article 4 of the Regulation from paragraph (1) of this Article.
 - 2) division of the plants by the primary energy source and the type of the plant with the corresponding Tariff coefficients in the manner as it is defined in Articles 5,6,7 and 8 of the Regulation from paragraph (1) of this Article,
 - 3) the manner of establishing the guaranteed purchase price as it is defined in Article 16 of the Regulation from paragraph (1) of this Article , by which is retained the sum of the reference price in the amount of 12.26 pf/kWh,
 - 4) Unit sums of incentive fees in the manner established in Article 17 of the Regulation from paragraph (1) of this Article,
 - 5) the sum of the reference price of the generation which is 8.1 pf/kWh and which shall be established in the manner determined in Article 3, point 40 of the Regulation from paragraph (1) of this Article.

- (3) Electricity Purchase Agreements from RES and EC plants by the guaranteed purchase prices concluded according to the Regulation from paragraph (1) of this Article, shall continue to realize until the expiration of the contracted deadline.
- (4) Qualified producers, who have concluded agreements from paragraph (2) of this Article with the power companies, in accordance with the Regulation from paragraph (1) of this Article, shall have the status of the privileged producer until the expiration of the contracted deadline.
- (5) Until the functional establishment of the RES and EC Operator, the power companies shall perform duties from the competence of RES Operator in the manner as it is regulated by Article 60 of the Regulation from paragraph (1) of this Article.
- (6) With the functional establishment of the RES and EC Operator, the power companies shall transfer their rights and obligations acquired pursuant to Article 60 of the Regulation from paragraph (1) of this Article to the RES and EC Operator.
- (7) Until the functional establishment of the RES and EC Operator businesses related for issuing the Certificate on the Guarantee of Origin of electricity generated from RES and EC shall conduct Regulatory Commission for electricity in the Federation of Bosnia and Herzegovina (FERK) in accordance with their authorizations.
- (8) The Register of requests for issuing the energy approval for the privileged producer from RES and the Register of issued energy approvals for the privileged producers from RES led by the Ministry shall be valid as the Register for issuing Energy permits from Article 23, paragraph (4) of this Law and the procedures shall not be renewed.
- (9) Until the functional establishment of RES and EC, the Ministry shall continue to keep the Register of projects stated in the chapter VIII of the Regulation from paragraph (1) of this Article.
- (10) Upon the functional establishment of the RES and EC Operator, the Registers of all applications led by the Ministry shall be assigned to RES and EC Operator.
- (11) Implemented regulation on the special incentive measures of use of the energy from RES defined in Articles 29 and 30 of this Law of the Government of the Federation shall be adopted after the adoption of APREF.
- (12) For all existing projects, the status of the qualified producer shall be acquired according to the procedure described in Article 20 of this Law and the procedures described in the Law on Electricity.
- (13) For the RES and EC plants whose construction has not started to the day of entering into force of this Law shall be applied the procedures for acquiring the status of the privileged producer described in Article 23 of this Law.
- (14) If it is favorable to the applicant, the applications for issuing of the energy approval for the projects for electricity generation from RES and EC, whose generation will be encouraged and which are received until the end of 2012, that is, until 13 January 2013, for which the dynamic quotas defined by the Criteria for the use of funds for incitement of the electricity generation from 2012 are not completed, shall be solved by the provisions of the regulations, which were valid in the time of issuing of the request.
- (15) The requests for issuing the energy approval for the electricity generation from RES and EC, whose generation will be encouraged and are registered in the Register of Projects of RES and EC and the Register of Applications for energy approvals until 13 July 2012, shall be solved according to the provisions of the regulation which were in force in the time of submitting the application.
- (16) - The Decisions which are obtained for the purposes and according to the procedures from paragraph (15) of this Article shall be valid 12 months from the day of issuing.
- The deadline for the construction of the plant for electricity generation from paragraph (15) of this Article shall be 12 months from the day of issuing the energy approval.
- By the expiration of the deadline from the previous indent, the holders of the issued decisions shall be deleted from the Register of projects of RES and EC and from the Register of requests for the energy approval.
- (17) The Rulebook on the efficient cogeneration from Article 3, paragraph (1), point (y), subpoint 9) shall adopt the Ministry within 12 months from the day of entering into force of this Law.

(Entering into force)

(1) The beginning of the application of this Law shall occur after the expiration of six months from the day of entering into force of this Law, except Article 39, which shall be applied from the day of entering into force of the Law.

(2) This Law shall enter into force on the eighth day of following that of its publication in "Official Gazette of the Federation of BiH".