

LICENSE

FOR PERFORMANCE OF THE POWER ACTIVITY POWER SUPPLY – SECOND TIER

NAME OF THE COMPANY:

“Interenergo” d.o.o. Sarajevo

SEAT AND ADDRESS OF THE COMPANY:

Fra Andela Zvizdovića 1, 71000 Sarajevo

ID NUMBER OF THE COMPANY: **201242530004**

REGISTRY NUMBER OF THE LICENSE: **06-03-261/2/10**

LICENSE VALIDITY: **29.08.2010 - 28.08.2013**

DATE: 16.07.2010

Zdenko Šimunović
FERK President

Đulizara Hadžimustafić
FERK Commissioner

Risto Mandrapa
FERK Commissioner

LICENSE CONDITIONS

1. GENERAL PROVISIONS

- 1.1. Regulatory Commission for Electricity in Federation BIH (FERK) has issued this license for performance of power supply activity – II tier to company “Interenergo” d.o.o. Sarajevo (herein after called the Licensee) in accordance with the Licensing Rule (Official Gazette FBIH No. 29/05), based on the application submitted on 26.02.2010.
- 1.2. Licensee’s Seat: Fra Anđela Zvizdovića 1, 71000 Sarajevo
Phone: 033 296 611, Fax: 033 296 559
- 1.3. The authorized responsible person is Manager.
Phone: 033 296 611, Fax: 033 296 559
E-mail: midhat.hadzijusufovic@interenergo.si
- 1.4. This license enters into force on date of issuance and it is valid for three years from **29.08. 2010 until 28.08.2013.**

2. DEFINITIONS

The words and terms in this license will have meaning provided within the Electricity Law FBIH (Official Gazette, No. 41/02, 24/05 and 38/05), as well as FERK’s rules and regulations.

3. THE PERFORMANCE OF THE LICENSED ACTIVITY

- 3.1. The Licensee is entitled to perform the power supply activity of second tier (trade, mediation and representation on electricity market) on the all voltage levels.
- 3.2. The Licensee is entitled to perform the supply activities of second tier in the territory of Bosnia and Herzegovina.
- 3.3. If Licensee imports or exports the electricity outside it shall obtain the license for international trade issued by SERC.

4. OBLIGATIONS OF THE LICENSEE

4.1. Laws, regulations and technical standards and approved tariffs

- 4.1.1. Licensee shall comply with all applicable laws, secondary legislation, technical regulations, rules, standards and rules and regulations of FERK and SERC, as condition of this license, EU directives and international contracts, accepted by BIH.
- 4.1.2. Licensee shall comply with the FERK and SERC tariff order applicable to its transactions.

4.2. Grid Access

The Licensee or its Customer (according to agreement) shall sign the contract on access to distribution, i.e. transmission grid for the aim of ensuring the rights of usage of their capacities.

4.3. The Regularity of the Supply

The Licensee shall regularly supply the electricity to its customers in accordance with the contract on purchase and sales.

4.4. The Providing of Information for SERC, FERK, ISO BIH and RERS

- 4.4.1. The Licensee shall submit all requested information on planned procurements and transit of electricity to Distribution System Operator in charge, ISO, FERK, SERC and RERS, as well as data regarding the import and export of electricity. The copy of the report and data that Licensee submits to the other participants in power sector shall be submitted to FERK.
- 4.4.2. The Licensee shall comply with the respective international trade license if issued by SERC and inform FERK on all modifications thereof. All information submitted by Licensee shall be submitted with an affidavit by the authorized officer that the information is true and complete to the best of the officer's knowledge.

4.5. Electricity Quality

- 4.5.1. The Licensee, in contracting the purchase of electricity, shall contract the electricity responsive to quality requirements defined by applicable standards.
- 4.5.2. Licensee shall perform his activities in a manner consistent with the state of the art domestic and international practice.
- 4.5.3. The Licensee shall provide for customers the electricity supply of standard electricity quality.

4.6. The Scope of Electricity Purchase/Sales

4.6.1. The Licensee shall submit to FERK the estimation electricity purchase and sales scope for eligible customers with annual consumption above 10 GWh until July 1st of current year for the next year and not later than September 30th of the each year for the next year for all other customers.

4.6.2. The License shall not purchase, inside of Bosnia and Herzegovina, the electricity from the legal entities not licensed for performance of electric power activity.

4.7. Number and list of customers by voltage levels

The Licensee shall submit to FERK the review of procured and sold electricity by voltage levels with individual lists of eligible customers and their consumption in the previous year, not later than January 31 of the each year.

4.8. Metering

The Licensee shall provide, with appropriate contracts with distributors and agreements with Elektroprijenos a.d. Banjaluka and ISO BIH, the accurate metering of total procured i.e. sold electricity necessary for the performance of billing.

4.9. Billing

The Licensee shall perform the billing in accordance with the purchase and sales contract between Licensee and customer.

4.10. The Obligation to Establish the Office

The Licensee shall, in its business seat, provide the business premises as well as be technically equipped for performance of electricity supply of second tier. Business seat, contact phone and fax numbers shall be printed on the memo of the company.

4.11. Market Rules

4.11.1. The Licensee shall comply with and apply the Market rules.

4.11.2. The Licensee shall regulate its relations with other participants in the electricity market in accordance with the prescribed rules.

4.11.3. The Licensee shall treat the customers fairly and without discrimination.

4.11.4. The Licensee shall not be entitled to perform any anti-competitive activities, misuse of market power or perform the manipulation of electricity market, pursuant Competition Law (Official Gazette BIH, No. 48/05).

4.11.5. The Licensee shall comply with law provisions from the area of electricity supply, follow the regulations and standards, as well as

commercial and other rules related to electricity supply and harmonize its business with eventual modifications thereof.

4.11.6. The Licensee shall register at balance responsible party and regulate its relations with members thereof, pursuant Market rules.

4.12. Reporting

4.12.1. The Licensee shall, annually, submit to FERK plans of accepted and delivered electricity on voltage levels and names of customers and suppliers, as well as report on realization of the plans.

4.12.2. The Licensee shall submit to FERK all the financial reports and report on signed contracts on electricity supply of second tier in the territory of Bosnia and Herzegovina, immediately after signing thereof.

4.12.3. Submitted reports shall contain data and information on prices and quantities of contracted electricity, no matter is it purchase from generator or other suppliers of second tier or sales to other suppliers i.e. electricity customers.

4.12.4. All specified data and reports shall be submitted by the Licensee in the deadlines determined by FERK, in written, signed and verified, as well as in electronic form on CD.

5. ACCOUNTING ACTIVITIES

The Licensee shall keep business books and design financial statements for activity of power supply-second tier, separately from other activities in accordance with provisions of Electricity Law, rules on international accounting standards and international standards for financial reporting.

6. FINANCIAL INTEGRITY AND STABILITY OF LICENSEE

The Licensee shall provide enough financial funds or financial guarantees as confirmation of its solvency and liquidity to meet the requirements of continuous performance of the activity of power supply – second tier.

7. QUALIFICATION STRUCTURE OF LICENSEE’S STAFF

The Licensee shall employ staff only in accordance with the number and qualification structure necessary for undisturbed, safe and quality business of the Licensee.

8. THE ABANDONING OR THE MODIFICATION OF THE ACTIVITY

8.1. The Licensee shall perform the activities specified in the license. If, during the performance of the licensed activity, circumstances appear for which the Licensee, reasonably, is not able to perform the activities specified in the License, the licensee shall immediately inform FERK thereof.

8.2. The Licensee shall not, without prior approval of FERK, abandon or modify the activity of power supply – second tier.

9. MONITORING

- 9.1. In the scope of its jurisdiction FERK monitors the compliance with the conditions of this license.
- 9.2. In the aim of monitoring the fulfilment of this license conditions, the Licensee shall submit the data and information pursuant 4.12 as requested by FERK, that are necessary for FERK to apply Electricity Law in Federation BIH, for FERK to be able to perform its jurisdiction pursuant law and rules and regulations thereof.
- 9.3. The Licensee shall inform FERK about every violation of the license conditions, in not later than 10 days after it has been found out.
- 9.4. Authorized FERK staff has the right to perform regular and extraordinary monitoring in the Licensee’s premises to be able to have an insight in compliance with the conditions from this initial license.
- 9.5. The Licensee shall cooperate with FERK during the preparation and during the performance of the monitoring.

10. THE MODIFICATION, TRANSFER AND REVOCATION OF THE LICENSE

- 10.1. The Licensee shall submit, in not later than 180 days before the expiration date of this license, application for the renewal of the power supply-second tier license.
- 10.2. During the validity period of the license, on Licensee’s request or based on FERK’s initiative, it is possible to start the process of modification, amendment, renewal, transfer or revocation of the license according to Articles 42, 43, 44 of FERK Licensing Rule.

11. SANCTIONS

If FERK finds that Licensee has not complied with the initial license conditions or has violated them, the following activities will be performed:

- a) sends the warning note to the License Holder on registered irregularities
- b) submits violation order
- c) starts the proceeding for license revocation

12. RESOLUTION OF THE DISPUTES

- 12.1. The Licensee shall regularly inform FERK on the disputes conducted before courts of jurisdiction related to power supply-second tier.
- 12.2. The Licensee shall cooperate in the resolution of disputes brought before FERK by third parties, related to Licensee’s activity.

13. CONTRACTS

- 13.1. The Licensee shall, on FERK’s request, submit information concerning contracts entered into by Licensee as well as all modifications or extensions of the contract. FERK is entitled to request from Licensee to submit also the copies of all signed contracts.
- 13.2. The Licensee shall sign the contracts on usage of distribution grid and contracts on usage of transmission grid for the purpose of trading and electricity supply of the eligible customers.
- 13.3. The Licensee shall sign the contracts pursuant provisions of Grid Code, Market Rules and General Conditions on Electricity Supply including the contract on supply and contract on responsibility for balance with BRP.
- 13.4. The Licensee shall, after signing the contract, or its extension or modification, submit necessary non-commercial elements of the contract on supply to Elektroprijenos, ISO and/or DSO and BRP.

14. COMMUNICATION

- 14.1. Communication between the License Holder and FERK will be performed in written form.
- 14.2. License Holder shall submit documents and information of FERK in original or verified copy, not older than 60 days.
- 14.3. Documents and information may be submitted by fax or in electronic form, under the condition that original or verified copy are submitted personally or by mail on FERK’s address, not later than 8 days after the submission by fax or in electronic form.
- 14.4. The License Holder shall inform FERK on all significant changes in the legal scope, judicial decisions, events or contracts that have the influence on the activity of the power supply – second tier.
- 14.5. All the information that License Holder submits to FERK shall be signed and verified by authorized person that confirms with his/her signature that all information are true and complete.

15. DATA CONFIDENTIALITY

- 15.1. For the information that is, in front of FERK, requested to be confidential by the Licensee, it shall submit the timely request for the protection of confidential information, and if that is not the case, the information will be considered public.
- 15.2. FERK estimates and makes the decision on data confidentiality requested to be considered as confidential pursuant to FERK Rules of Hearing Procedures and Resolving Requests and Complaints and FERK Rule on Protection of Confidential Information.

16. REGULATORY FEE

16.1. The Licensee shall pay regulatory fee for the performance of the power supply activity – second tier, in the amount determined by FERK with special decision.

16.2. The Regulatory Fee shall be paid quarterly.

UNOFFICIAL TRANSLATION