

„Support to the establishment of an Association of customers on the energy market in Bosnia and Herzegovina, with a particular focus on education of consumers on their rights and responsibilities“

Current situation with a proposal for a solution for Bosnia and Herzegovina (BiH)

Vienna 08.09.2010.

Association for
Entrepreneurship and Business
“LINK” Mostar

Mr. Tomislav Majić, President

Mr. Velibor Sudar, Associate

Basic problems of organisations for protection of customers on the energy market in BiH

- Fragmentation of customers' organisations (very few of them are involved in the regulatory process)
- Inadequate information available on the rights of customers
- Regulatory agencies and electricity producers treat customers unequally in public discussions
- Customers' arguments are not being considered when regulatory agencies make their decisions (FERK – RERS – DERK)
- Privileged status of electricity producing companies by entity governments
- Entity governments do not run energy policies attuned to the needs of the customers, particularly entrepreneurs

Responsibilities

- Regulatory agencies urgently need to review their attitude and ought to begin considering the arguments and protecting the rights of the customers
- Entity governments, as the owners of the electricity producers, have to change their attitude and provide for survival and growth of their customers (there is already 6% less customers in the SME sector in FBiH)
- Regulatory agencies need to balance out the relations in the energy sector together with the entity governments in a fairer manner
- Regulatory agencies need to start working in other areas as stipulated under the Law on electric energy (energy efficiency, rational use of energy, protection of customers' rights, etc.)
- All regulators (FERK, RERS I DERK) and NOS need to engage in this process as the agencies of common interest

Representativeness of Customers' Associations

- Currently very few organisations represent the interests of customers
- LINK is effectively a leading agency in Federation BiH representing the interests of SMEs, who are the most exposed and pay the highest energy rate
- On behalf of the households and protection of their interests there is Customers' Protection Agency
- Aluminij D.D. Mostar acts on behalf of large customers
- To address this problem, there needs to be an umbrella NGO established urgently – Association of Customers on the energy market in BiH, which will protect the interests of all categories of customers in BiH

Proposed solution for a quick development of organisations for customers' protection

- To establish Association of customers on the energy market in BiH - "UKE BiH"
- The seat of the association is to be in Mostar, because LiNK has already mobilised entrepreneurs and organisations from across BiH, and is the leading agency in that field
- "UKE BiH" needs to be registered as an NGO for the purpose of maintaining its independent status towards all actors in the process
- The financing of "UKE BiH" needs to be independent as well. Since the customers pay for everything anyway, the financing of "UKE BiH" needs to arrive from the profit that the companies PRODUCING, DISTRIBUTING AND TRADING electric energy make, but also from grants by national and international donors, GOs, and NGOs.
- Legal status, organisational aspects, rulebook, methods of selection and appointment in "UKE BiH" will be worked out in the Statute of the association and other acts as adopted at the inaugural assembly session. Full support is expected from the Working Group for protection of Customers at the **Energy Community Secretariat for South East Europe**

Conclusions

- The establishment of “UKE BiH” would contribute to creating of a balance in relations within the energy market in Bosnia and Herzegovina
- Regulatory bodies would have an easier task of an intermediary between the customers and producers
- All activities would be far more transparent than they are now
- Strong customers’ protection would improve economic situation in the BiH economy in general
- Monopolistic conduct of entity governments and electricity producers would come to an end, which would lead to the opening up of the energy market
- By strengthening of “UKE BiH” we would eventually demand that the customers appoint their respective expert representatives to all regulatory bodies (FERK, RERS, DERK). Such representatives would be truly independent from the politics, which is not the case with the current members of the regulatory bodies

THANK YOU FOR YOUR ATTENTION!

CONTACTS: Association for Entrepreneurship and Business LINK

88104 Mostar

Bulevar narodne revolucije 55a

Tel/fax: + 387 36 580 151

www.linkmostar.org

e-mail: velibor@linkmostar.org