

In the Federation of BiH alone, in the first five months of this year, producers of electricity from renewable sources, ie mini hydro power plants, solar and wind power plants, were paid a total of 37.7 million marks on the basis of incentives and reference price paid for electricity produced. Operator for Renewable Energy Sources and Efficient Cogeneration of FBiH. According to the document entitled Final Report of BiH Institutions on the Reform of Incentives for Renewable Energy Sources, the authorities estimate that incentives for mini hydro power plants per megawatt will increase from the current 80 euros to as much as 100 euros in the coming years!

However, the government's plans to continue generously financing the operation of mini hydropower plants and encouraging the enrichment of individuals are currently being thwarted by the Energy Community, which sent a letter to the Federal Ministry of Energy, Mining and Industry, Ministry of Energy and Mining of Republika Srpska, Ministry of Foreign Trade and Economic Relations and the FBiH Parliament.

In the letter, the Energy Community offered its help and proposed an emergency meeting at which all open issues on the problem of construction and encouragement of the operation of mini hydropower plants in our country would be discussed.

Janez Kopac cites the examples of Montenegro, Albania and Macedonia, where it is said that, unlike BiH, renewable energy sources are emphasized, but in a much cheaper way than in BiH.

Noting that the authorities in BiH often justify their generosity towards the owners of small hydro power plants with demands from the EU, Kopač says that no one is forcing BiH to give such high incentives that are higher than those in EU countries.

However, if the owners of SHPPs have been going downhill for years, and the public and public interest has been neglected, and the destruction of our rivers has been tolerated, the authorities will surely be now, when the public is increasingly aware of it, and the Energy Community reacted for the first time. difficult to continue the old practice. It will be difficult to find a meaningful explanation why they have subsidized about a hundred private individuals for so many years, who have collected tens of millions of marks for the electricity they produced on our rivers in the last ten years.

Only now, when the citizens are becoming more and more informed about this issue, the indignation is growing because they, through additional amounts in the electricity bills, allocate funds for those who produce electricity from renewable energy sources, without the local or wider community they have no significant benefits.

Economic analysts and environmental activists in a conversation with Fokus welcome the reaction of the Energy Community and believe that the abolition of incentives for mini

hydropower plants would in most cases shut them down on their own and thus solve the problem of huge allocations for their work and environmental protection.

Two years ago, Damir Miljevic, an economic analyst, conducted an analysis of the economic justification of concession fees and incentives for small hydropower plants in the territory of Bosnia and Herzegovina.

He told Fokus that even today, as he stated at the time, he believes that the system of concession fees and incentives for small hydropower plants in BiH has no economic justification and is harmful from the point of view of society. He estimates that further application of this model in the next 10 years, only on the basis of encouraging the current number of small hydropower plants in operation, the damage would amount to more than 40 million KM, and it would be doubled if the incentive was granted to all applicants.

Miljevic sees the solution to the problem in the abolition of incentives not only for small hydro power plants, but also for solar and wind power plants, because he says that BiH decided on the worst possible incentive system when deciding to build new renewable energy sources.

### **Guaranteed buy in favor of damages**

- This is the so-called Feed-in Tariff System (FiT). This system guarantees the purchase of electricity from small hydropower plants for 15 years in the RS, and for 12 in the FBiH, at guaranteed prices. However, the guaranteed prices are determined on the day of signing the contract. You can imagine, you are in a business where someone guarantees you for 12 or 15 years that they will buy everything you produce and that they will buy it all back at the price set on the first day you signed the contract. And then it normally caused a frenzy among investors, because it is a non-market mechanism. And it started with these strong small hydroelectric power plants. It is clear that there is a link between politics and investors here, because no one is trying to change the current situation. Why should all incentives be abolished? Because all that production is commercially viable, and if it is commercially viable, I see no reason why we should still support it with subsidies. And if a small hydropower plant is not commercially viable, then what is being done? - Miljevic asks. In the Banja Luka Center for the Environment, an organization that makes an exceptional contribution to environmental protection and prevention of destruction in Bosnia and Herzegovina. rivers also believe that the incentives generously given by the state to investors are the main cause of all the problems that arise with the construction of mini hydropower plants. Viktor Bjelic, vice president of the Center for the Environment, told Fokus that no policy has dealt with this problem so far "because the policies are close to

their structures, that is, investors are often donors for the election campaigns of certain parties.”

This is one of the segments, the second is of course corruption and bribery, and the third is a misinterpretation, ie a wrong policy in the field of renewable energy sources and incentives where the money collected from citizens and businesses that pay for electricity should go to projects which are of general public interest. Primarily for that production where citizens appear as producers, consumers and sellers. So they produce for their own needs, and sell the surplus to the system. Such production should be encouraged from these funds while private investors either in hydropower, wind or solar power plants should not be encouraged they should fight for their place in the market. If the incentives for small HPPs are abolished, we will witness that investors will lose interest, primarily because they will not be able to provide loans - Bjelic believes.

### **Wherever you go, you come across crime and corruption**

Wherever you “scratch” around these mini hydropower plants, you will encounter crime and corruption, and they are still asking us to subsidize them for that. Behind the main actors in the construction of mini-hydro power plants are HDZ, SNSD and Edhem Bičakčić, who is involved in the construction of all SHPPs in BiH, which I say is the “peak of evil”. According to the data of our colleagues from other associations, specifically Adnan Podic from Eko akcija, the owners of SHPP received 48 million incentives last year. And, you have a situation where two SHPPs pay only 27,000 marks of concession fee to the municipality of Konjic annually. That is why, when the institutions are already doing nothing, we will stick to our position, which is also the position of several thousand citizens of the Neretva Valley, that we will not allow the construction of any small hydroelectric power plant on our river. No negotiations, no two, five, 10 or 15 SHPPs. Only one solution to this situation is possible: without any SHPPs - says Safet Sarajlić, member of the Board of Directors of the Association of Citizens “Neretvica - Let me flow”.

Boriša Misirača, Director of the Operator, told Fokus that prices for RES production are set by the FBiH Government and calculated by FERK, and through the Federal Ministry of Energy, Mining and Industry (FMERI) it submits a decision to the Government for adoption at least once every 18 months.

### **The difference in millions for which there is no explanation**

- The price paid per kWh should guarantee a return on investment during the guaranteed purchase period, although it is much higher in our country, especially for solar power

plants, but since this is not within the competence of the RES Operator, we advise you to contact FERK and FMERI. The price of an individual producer depends on the period when he acquired the right to it, so the prices are higher from the previous period – said Misirača, who, after a subsequent insistence, revealed the total amount of electricity paid for the first five months of this year from all renewable sources in the amount of about 37 million. We remind you that they refer to payments at the reference price, which from September 1 this year, instead of the current 10.8 pfennigs, will amount to 11.2 pfennigs per KW / h. Misiraca has just given us a few monthly data from this year, according to which, for example, in January and those who are in the system of incentives and who are not from both power companies, about 2.4 million marks were paid. But that figure varies from month to month.

Unlike in FBiH, this information in RS was published by the Banja Luka Center for the Environment, so it is known that last year the owners of mini hydro power plants in RS were paid a total of around 30.8 million marks for electricity purchased by the local power company at a guaranteed price.

According to Misiraca, the Operator paid about 2.8 million KM last year in the name of incentives for the production of electricity from hydroelectric power plants in FBiH, while in the first 6 months of this year, about 1.3 million marks were paid. This is money collected on the basis of fees paid by citizens per KWh per month with the bill for consumed electricity. In the FBiH, this fee currently amounts to 0.002555 KM / kWh per month, and in the RS 0.0052 KM / kWh.

What is very surprising is that in RS, for example, in 2018, incentives in the amount of 12.5 million KM were paid on the same basis!

Otherwise, the work of the Operator is burdened by conflicts within the institution itself, where Misirača and some workers accuse each other of numerous illegal actions, and these lawsuits have been extended to other institutions and the director of the Operator.

Such a situation has been going on for a long time, and the FBiH Government, as well as the FBiH Parliament, have not taken any concrete steps to solve these problems.

Source: capital.ba