Chapter 18
Energy Sector in Bosnia and Herzegovina: Current Status and Plans

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Abstract. Bosnia and Herzegovina has substantial primary energy resources and its energy industry could be profitable. This chapter presents the current status of the energy sector and the data on primary energy resources, potentials, energy infrastructure, and the production and consumption of energy. A comparison of consumption with neighbouring countries and the world is shown, as well as some energy indicators. There are ambitious plans for electric power generation in Bosnia and Herzegovina and an overview of the capacities under consideration is presented.

Key words: Energy, resources, potential, infrastructure, consumption, indicators.

18.1 Introduction

Bosnia and Herzegovina possess substantial primary energy resources and has a long tradition in energy production. It is believed that its energy industry, especially the electric power production, has still large unexploited potential and could emerge into a prosperous economic segment. This optimism is based on the country’s large coal reserves, high hydro power potential and existing power plants on the one hand, and the opportunity to export electricity and limited amounts of coal to neighbouring countries, on the other.

The total balanced coal reserves in Bosnia and Herzegovina are estimated at 5464 million metric tonnes. The major constituents are the brown coal (calorific values between 11,728 and 18,471 kJ/kg) with estimated reserves of 1886 million tonnes, and the lignite (calorific values between 8,002 and 11,439 kJ/kg) with reserves of 3578 million tonnes. The total hydro power potential is estimated at 23,395 GWh annually, with about 6500 MW of installed capacity. Preliminary research surveys of oil and gas, which were interrupted by the war, had indicated the presence of promising deposits at a number of sites in some areas of Bosnia and Herzegovina.
The potential for exploitation of geothermal energy, wind energy, solar energy and biomass energy has not been sufficiently explored, and the proportion of these energy sources in overall consumption will most certainly remain modest for some time. However, because of the significant increase of the use of renewable sources of energy in the world, their potential and the feasibility of their use should be seriously investigated.

In spite of its potential, Bosnia and Herzegovina is currently importing energy. Although the consumption of primary energy per capita is lower than the world average, about 34.3% of the consumed primary energy was imported in the year 2004. Most of the liquid fuel and natural gas used is imported.

18.2 Status of the Energy Sector

According to the present constitution, signed in 1995, Bosnia and Herzegovina is divided into two “entities”, the Federation and Republika Srpska. Only limited matters are the responsibility of the institutions of Bosnia and Herzegovina as a state, although the possibility remains that Bosnia and Herzegovina “shall assume responsibility for such other matters as are agreed by the Entities”. Energy matters are the responsibility of the Entities, but it was expected that “the Entities shall begin negotiations with a view to including in the responsibilities of the institutions of Bosnia and Herzegovina other matters, including utilisation of energy resources and cooperative economic projects”.

Nevertheless, at present most of the decisions in the energy sector are the responsibility of the Entities. The initiatives and efforts to include energy resources and the energy sector in the responsibilities of Bosnia and Herzegovina have not yet received a positive response. Neither Bosnia and Herzegovina nor the Entities have accepted the energy strategy. The Action Plan of the Poverty Reduction Strategy Paper (PRSP) included a requirement to prepare an energy strategy, with the objective of forming a plan for the development of the energy sector. However, and in spite of the support from the World Bank, the strategy is not ready – even though it was recommended that the strategy should be defined and adopted by the first half of 2005.

Lately, certain steps in that direction have been undertaken. Some action plans for the energy sector have been prepared, but the implementation of even accepted plans is very slow. In July 2004, laws on an Independent System Operator and a Transmission Company were adopted. The Entities have also adopted the laws on energy generation and distribution. The Independent System Operator was established in 2005 and the process of establishing the Transmission Company is underway. A State Electricity Regulatory Commission has also been set up. However, the Entities have decided to have their own regulators as well. The creation of an Energy Department within the Ministry of Trade and Economic Relations, which is in charge of energy policy in Bosnia and Herzegovina, is being considered and has