

# ELEKTROKRAJINA POWER DISTRIBUTION PROJECT - NON-TECHNICAL SUMMARY

## 1 | The Project

The European Bank for Reconstruction and Development (EBRD) has provided financing to ZP Elektrokrajina a.d. Banja Luka (“Elektrokrajina”, “Elektrokrajina”) for a project named “Elektrokrajina Power Distribution Project”.

The Project aims at reducing distribution network losses and increasing energy efficiency in order to support the development of a reliable, sustainable and environmentally and socially friendly electricity transportation system. The project includes the following works:

- (i) reconstruction of medium and low-voltage networks;
- (ii) reconstruction of substations;
- (iii) extension of smart metering in the 9 districts (Banja Luka, Gradiska, Kozarska Dubica, Laktasi, Mrkonjic Grad, Novi Grad, Prijedor, Prnjavor, Srbac) covered by Elektrokrajina; (“the Project”).

The Project does not include extension of existing networks. The Project is expected to start in 2017 and will last around 3 years. As a result of the Project, distribution lines will be rehabilitated and around 30 000 more smart meters will be installed. The project is expected to result in a reduction of distribution losses.

*Map: Elektrokrajina operation regions*



## **2 | Elektrokrajina**

Elektrokrajina was initially established as one of the regional electricity distribution companies in Bosnia and Herzegovina. In 1995 Elektrokrajina became a subsidiary of EPRS and in October 2005 was transformed into a stock-company listed on the Banja Luka Stock Exchange. Currently, Elektrokrajina is majority (65 per cent) owned by EPRS. Elektrokrajina is responsible for power distribution and is a power supplier in the Banja Luka region of the Republika Srpska. Elektrokrajina owns and operates the power distribution networks of up to 110 kV. Elektrokrajina operates 21500 km of network, 4100 substations/transformers and serves 260 000 customers, out of which only 10% were before the Project equipped with a smart meter.

Elektrokrajina employs some 1,700 employees and operates under the supervision of the Regulatory Commission for Energy of Republika Srpska that issues licenses, determines tariff methodologies, and sets distribution tariff levels for Elektrokrajina.

## **3 | Environmental and social situation and considerations**

The Project does not require an environmental impact assessment under the national legislation. The project is categorized B by EBRD and therefore does not require an Environmental and Social Impact Assessment. None of the planned works are located in or close to a legally protected area. The Project does not require land acquisition and does not require the construction of high voltage overhead lines as defined by EBRD ESP. An environmental and Social Due Diligence (ESDD) of Elektrokrajina and of the project was carried out by EBRD before the Project financing was approved.

Elektrokrajina has an integrated environmental and social management system (ESMS), certified ISO 9001, ISO 14001 and OHSAS 18001 since 2011. Elektrokrajina was recertified in 2014 and the next recertification audit is planned in 2017.

The Project will generally concern the population of the nine districts served by Elektrokrajina. Unexpected service disruptions will be reduced and service reliability will be improved as a result of the Project implementation.

Tariff implications are not known yet, but the intent is to cover the Project costs with the efficiency and revenue gains. No immediate tariff increase in direct relation with the Project is expected. Planned service disruptions will increase during the project implementation but should be of short duration.

The project is not expected to result in any retrenchment. The Project will not result in any Involuntary Resettlement and Economic Displacement

A Stakeholder Engagement Plan was prepared for the Project and will be implemented by Elektrokrajina, in order to make sure that relevant information is communicated or made available to stakeholders.

## 5 | Environmental and Social Action Plan: implementation and monitoring

An environmental and Social Action Plan (ESAP) was prepared in order to ensure that the Project meets EBRD Performance Requirements. The ESAP will be implemented by Elektrokrajina and monitored by EBRD. It addresses the various gaps identified during the ESDD, including notably:

- To Establish a contract value limit (eg 1M€) above which contractors working for Elektrokrajina shall have an integrated and certified ISO9001, ISO14001 and OHSAS18001 management system in place.
- To develop and implement a Birds Protection Plan through the ISO14001 management system (with reference to the UNEP guidelines : [http://www.unep-aewa.org/sites/default/files/publication/ts50\\_electr\\_guidelines\\_03122014.pdf](http://www.unep-aewa.org/sites/default/files/publication/ts50_electr_guidelines_03122014.pdf) ).
- In preparation of the tender for smart meters, to conduct a survey with a representative panel of customers in order to (i) inform them about the various benefits related to smart metering for the public (home displays, consumption follow-up tools, new payment methods, etc...) and (ii) test their expectations and preferences with regards to these potential benefits.
- To conduct a survey with a representative panel of customers in order to improve the management of planned disruptions, with a focus on notification time and media, and to adjust the disruption notification procedure accordingly.

For any additional question regarding Elektrokrajina or the Project, please visit Elektrokrajina website: <http://www.elektrokrajina.com/> .