ABSTRACT
In terms of power sector restructuring and electricity market opening there have been significant changes in the functioning of activities at the level of Public Enterprise Elektroprivreda BiH d.d - Sarajevo (EPBiH). Distribution activity in an open electricity market is not a market activity, but the regulated activity, and although does not participate directly in the electricity market, its action must allow unhindered development and functioning of the market in which suppliers compete. The introduction of the smart grid concept in electricity distribution activity is a particularly challenging area of research due to the actuality and importance. The paper presents the elements of the business framework of EPBiH in terms of application of modern technologies in the area of smart grid and the changes that inevitably occur during transition process of energy sector in general.