

Electricity market price might endanger work of industrial consumers accustomed to low price of this resource, market liberalization goes forward and price to be influenced by the power market trends

✘ High-voltage electricity consumers should buy electricity directly on market since 1 January 2013. Many of them are afraid that price will be 60% higher than current one.

Among big consumers are successful companies like: "Lafarge", "Sirmium steel", NIS, "Messer Tehnogas", "Kronospan", FAS, "Holcim", "Titan", "Valjaonica bakra Sevojno". These companies are the biggest exporters, thousands of people work there, and new big costs will contribute competition loss, export decrease, production termination and bankruptcy.

According to some consumers, besides that Energy Law enables free choice of energy supplier, the fact that nothing changed related to energy price forming remains. There is no real possibility of already defined and offered price non-acceptance, as in tariff case, i.e. regulated prices approved by Government of Serbia.

- We believe that this drastic and current price increase can economically damage individual corporation, as well as industry of Serbia, with all appreciation to "Elektroprivreda Srbije" and its goal to increase its prices, without involving in its reasons for it- consumers appealed.

To responsibly increase price is one of the solutions. This won't bring to price shock on market and other dramatic consequences. It will give some time hit companies to gradually adjust in period of at least three years with clear and defined way of forming the price. Such situation is common to some EU countries where adjustment period lasted 5 to 6 years.

Energy Agency told that market has been opened for all customers except for households in Serbia since 2008. It covered 47% of electricity market and 90% of natural gas market.

- Buyers are believed to prepare themselves for individual energy supply since then. 40% of total annual consumption was being bought according to unregulated prices in natural gas area since 2010. However, electricity buyers weren't interested in market buying because market price was higher than regulated- it was stated in Agency.

Agency answered the question if electricity will be 60% more expensive, that they are not responsible for market prices.

- 59 electricity suppliers were registered on free market in Serbia. Electricity price will be the result of market game between suppliers. It cannot be expected to be equal or lower than current regulated price which doesn't reflect real expenses of energy subjects' development and business, because intention of authorities to limit growth of regulated prices.

Private companies are specially discriminated, because they are big consumers and large defaulters, i.e. debtors. However, reconstruction firms are among the biggest debtors which are protected from debt enforcement with this status for years. Reconstruction is not even close to an end, but state will decrease their grants next year. On the other side,

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corporations are expected to have bigger expenses. It raises the question if anyone will fight for those buyers and if they will run out of electricity without grants from state.

New tariffs will hit current producers but it will surely influence the interest of new producers, because conditions for industrial production are less and less attractive.

Some good examples

Despite Energy Law adopted directives from EU for internal market of electricity and natural gas development, some members of association will take over some steps to help industrial producers.

Germany is one of those that decided to launch refund payout mechanism to industry because of electricity price increase since 2014. The increase is expected in the following years because of bigger production from renewable sources and obligation of buying quotas for carbon dioxide emissions from EU. The measure was taken to protect competitiveness of German industry on international market and to stop production relocation, and Berlin will partly refund all expenses for electricity from the biggest consumer corporation sectors. Payout of the first refund in amount of 350 million Euros is planned for the beginning of 2014. Refund will be paid out to corporations in sectors like chemical industry, steel and paper industry where 830.000 of people are employed- it was stated in German Ministry's announcement.

Source Serbia Energy Magazine