

Europe, How did it happen that the Energy Community was not informed that the EU abolished the priority approach as well as the transfer of balance responsibility to RES producers?

We are witnessing open inconsistencies of international institutions - the Energy Community of Southeast Europe, the World Bank and the EBRD, when it comes to the integration of large variable RES in the electricity system of the Republic of Serbia. The requirements of EPS, EMS and AERS are in line with the position of the Energy Community from 2017, as well as with the current EU legal framework. How did it happen that the Energy Community was not informed that the EU abolished the priority approach as well as the transfer of balance responsibility to RES producers?

In June 2017, the Energy Community of Southeast Europe from Vienna called on Serbia to adopt amendments to the Energy Law. Namely, the Energy Community in an official letter called on Serbia to adopt a set of amendments to the Energy Law, which regulates state support for renewable energy sources, especially large variable RES, in order for Serbia to harmonize its legal framework with European Union legislation.

Among the proposed changes, the most important were the introduction of a public bidding procedure, which aims to determine who will be the beneficiary of support for the integration of variable RES, the abolition of the status of temporary privileged electricity producer for RES producers, the introduction of balance responsibility for RES producers, as well as the introduction of system operators for energy produced from renewable energy sources.

Requirements of EPS, EMS and AERS in accordance with the position of the Energy Community from 2017.

What has changed by 2022 in the EU institutions, ie in EU regulations, since the same Energy Community in 2022, in a joint letter with the World Bank and the European Bank for Reconstruction and Development, is directly on the side of the RS Ministry of Mining and Energy and asks the state companies JP Elektroprivreda Srbije and Elektromreže Srbije AD, as well as the Energy Agency of the Republic of Serbia (AERS) to withdraw their requests to the competent Ministry of Mining and Energy of the Republic of Serbia. The requirements that are in the most important parts are fully in line with the request of the Energy Community from 2017, which only require the best European practice to be applied in Serbia and harmonize the Law on the Use of RES from 2021 with the European Union legal framework.

By harmonizing the Law on the Use of RES of the Republic of Serbia from 2021 with the legal framework of the European Union, in the field of encouraging RES integration, these three organizations claim to closely protect the national interests of the Republic of Serbia - as well as the interests of national electricity.

Namely, the EU, with its legal solutions, envisages only one type of incentive for large production capacities from RES in Europe. The so-called system of premiums, ie bidding for support with the application of the contract on the difference in price, in which, at the same

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time, the RES producer is protected from market disturbances, as well as the national electricity system, ie the state as an incentive provider.

Practically, the RES producer is not able to make extra profits, but he cannot fail either. And the state is protected by guaranteeing the producer an acceptable price of electricity. Unlike feed-in tariffs, the producer is free to place his production on the open market with this type of incentive.

EPS, EMS and AERS against forcing RES to the detriment of the state of Serbia

According to PE EPS, EMS AD and AERS, the other two, additional incentives, which are recognized by the Law on the Use of RES of the Republic of Serbia from 2021, are disputable. These two additional incentives are completely contrary to the current European legal framework.

According to the first, PE EPS, as a guaranteed supplier in the Republic of Serbia, is obliged to take on the balance responsibility of all RES producers. This is mandatory until a liquid intra-day electricity market in Serbia is established. Because, it is a highly uncertain thing (possibility). Especially if we keep in mind that the given markets cannot become liquid as long as RES are not in balance. This puts the state of Serbia in a vicious circle. The question is: Which is older, the chicken or the egg?

Because, PE PE will exclusively suffer significant financial damage due to such an obligation defined by the said Law.

The second incentive for RES producers, which is seen in the disputed Law on the Use of RES of the Republic of Serbia from 2021, is reflected, again, in the completely abolished type of incentives in the EU since 2019. It guarantees priority access to the electricity system to RES producers. Thus, all other production capacities of the national electric power industry are put in an unequal position, which in turn directly affects the drastic reduction of the income of the national electric power company (EPS).

It is important to note that the majority owner of large variable RES projects in Serbia is currently private, foreign capital.

Energy community uninformed - EU abolishes priority approach as well as shifting balance responsibility to RES producers

Why such a change in the attitude of the Energy Community in relation to the official letter sent in June 2017 by the then director of the Energy Community Secretariat, Janez Kopac, to the representatives of the Committee on Economy, Regional Development, Trade, Tourism and Energy of the National Assembly of Serbia?

In this letter, he informed them about the next steps that Serbia, as a member of the Energy Community, should take in order to harmonize the legal framework with European Union laws, specifically the Renewable Energy Directive 2009 /28 / EC and the State Aid Guidelines. for Environmental Protection and Energy for the period 2014-2020, published by the European Commission.

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The European Union, meanwhile, has adopted a new set of laws. It, even more clearly, points to the need for incentives for RES producers to be based exclusively on market principles. The EU, therefore, clearly abolishes any other type of incentive, ie priority access to the system, unequivocally requiring RES producers to balance as an independent balance responsible party and financially cover this very expensive, ie the most risky part of their own business.

The hypocrisy of the Energy Community

The solution, which was presented as an incentive for RES producers in the Law on the Use of RES of the Republic of Serbia from 2021, still gives all RES producers the status of priority access to the system, and balance responsibility, with all its financial risks, is transferred to a guaranteed supplier. , in the case of Serbia to the national electricity industry - PE EPS, until the establishment of the mentioned liquid domestic electricity market.

The question arises, when, ie whose interests in the Republic of Serbia, by applying double standards and strikingly demonstrated hypocrisy, are protected by the Energy Community, as well as other signatories of the said letter - the World Bank and the EBRD. The population and economy of the Republic of Serbia are obviously not protected.

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