

The Energy Community Secretariat has today submitted a Reasoned Opinion in Case ECS-9/13 against Serbia, for its failure to comply with gas unbundling rules. Having taken into account the Government's reply to the Opening Letter, the Secretariat maintains its findings made therein.

In the Reasoned Opinion, it reiterates its view that Serbia has failed to comply with its obligations under the Energy Community Treaty related to the unbundling of two vertically integrated gas undertakings. Serbia is now requested to rectify the identified issues of non-compliance within a time limit of two months.

At its core, unbundling requires the effective separation of activities of energy transmission from production and supply interests and embodies thereby a cornerstone of the market opening process. The implementation deadline of the Directive 2003/55/EC expired on 1 July 2007. Given Serbia's repeated delays to implement the respective *acquis communautaire* provisions, the Secretariat has now decided to take Case ECS-9/13 one step further and to issue a Reasoned Opinion.

The Secretariat has repeatedly expressed its concerns that the two transmission system operators (TSOs) licensed in the country, the State-owned Srbijagas and Yugorosgaz, a 50% subsidiary of the Russian Gazprom, do not comply with the unbundling requirements. As for its legal form, Srbijagas has not yet unbundled its transmission system activities.

Yugorosgaz established a subsidiary for pipeline transport in autumn 2013. Yet, from the Secretariat's point of view the undertaking has not taken sufficient measures to comply with the Directive's requirements, nor to ensure the independent decision making within that company (functional unbundling).

The lack of unbundling of the two TSOS is a key obstacle to the proper development of a competitive gas market in Serbia. It also negatively affects the development of a wider regional gas market, and the urgently needed gas infrastructure investments.

A Reasoned Opinion is the second step in a dispute settlement procedure initiated by the Secretariat under Article 90 of the Energy Community Treaty. In the light of the reply by the Government, the Secretariat may submit the case to the Ministerial Council for a decision on Serbia's compliance with Energy Community law.

According to the Rules of Procedure for Dispute Settlement, parties with a legitimate interest in the case are granted access to the case file. All requests for information on this case should be addressed to Mr. Dirk Buschle, dirk.buschle@energy-community.org, Legal Counsel and Deputy Director, and should refer to the case number ECS-9/13.

Source; Energy community