

# **Serbia: DSO companies, Power market analysis for second phase of electricity liberalization, middle level voltage**

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In order to avoid the negative effects of different price and consumers' and public dissatisfaction towards Serbia Power Utility Company it is crucial to establish a working of one instead of five distribution system operators and this should happen in 2014, when the electricity market liberalization continues in Serbia of the volume of 23% of the total delivered amount of this energy product.

More than 3000 consumers on mid voltage grid will be looking for electricity suppliers among 70 registered power traders. The companies' costs for the same structure and the same amount of consumed energy, who will purchase electricity only on the open market (these customers spend 23 % of the total electricity supplied in Serbia) from 1. January 2014, will be different depending on the geographic location of the customer. This fact will cause considerable customers' dissatisfaction, partly because the accounts will be increased and largely because of these increases it will not be equal to all customers in the territory of Serbia. Half of the economy that economizes in Serbia will be discriminated due to higher tariffs compared to the economy of Vojvodina and Belgrade DSO regions.

Accounts of the customers in the western, central, eastern and southern Serbia will be increased from 10 to 30% compared to the accounts of customers in northern Serbia. Direct consequence will be uneven development of different regions in terms of new investment, which will indirectly affect the position of our citizens in most parts of Serbia. Investment in new industrial capacities in Belgrade and Vojvodina will be stimulated with the lower cost of the access service to the power distribution system, which will support the development of more developed regions, while on the other hand will discourage investment in the economic development of less developed regions in the rest of Serbia.

This situation can be avoided by forming one distribution system operator in the whole Serbia instead of five, where this brings other benefits such as reduced costs and more efficient operations of these state-owned enterprises in the EPS, which is directly reflected in lower tariffs for all customers in Serbia. This requires quick action of the Government of the Republic of Serbia, in order to form new, single tariff by the end of 2013, which will be applied from 1. January 2014.

Complete market report with statistics is available to subscribers of Serbia Energy, contact us for more informations