

Serbia: EBRD to support power utility EPS regional expansion?

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The Government does not want to sell the power utility Elektroprivreda Srbije (EPS) but they want this company to expand its business operations within the region. As it has been announced, the EPS will strengthen its regional influence through increased cooperation with the electric power industries of the Republic of Srpska and Montenegro.

Experts also agree that this may provide a high position for Serbia within the European energy sector. In cooperation with the IMF, EPS has to be reorganized first so as to rely on its own revenue.

The regional expansion of EPS brings multiple benefits. Serbian electric power industry would increase the electricity production and, with a regional partner, it would become a serious player in the European electricity market competition.

"We definitely salute this intention and I think that it is the right direction in which both the Electric Power Industry and the state should move. The reason why we should think this way is very simple. It opens new, serious strategic possibilities for this country. Long-term employment of people, long-term engagement of the economy and industry", says Nikola Rajković, a professor of the Faculty of Electrical Engineering in Belgrade.

EPS has already been interested in the privatization of a part of the Montenegrin electric power industry. In the Republic of Srpska, they believe that, in addition to the started joint ventures, the cooperation between the two electric power industries can also be developed through new projects.

The Minister of Industry, Energy and Mining of the Republic of Srpska, Petar Đokić, says that there are common interests in building new facilities, particularly on the river Drina.

"There is also a specific project for this, it has been presented to the public on several occasions. At this moment, the specific offer is to further intensify this cooperation and to build such relations that, practically, the Republic of Serbia and the Republic of Srpska should have one important and, perhaps the largest, energy potential in the region. I like such idea, now we only need to define the model of cooperation ", said Đokić.

It is also interesting that, through the Loan Agreement with the EPS worth 200 million euros intended for capital investments, the European Bank for Reconstruction and Development has also shown interest in the possible 20 percent of its capital. Both in the Ministry of Energy and in the EPS, they say that this has never been a condition for credit support.

"I think that the indication here is more that the EBRD is ready to support the reforms in the

EPS. And on the other hand, the indication on the part of the EBRD that, in case that the Electric Power Industry should start expanding within the region, EBRD is ready to accompany us in these intentions", says Aleksandar Obradović, EPS general manager.

Experts comment that, in the future, EPS will need a strong strategic partnership, but this is preceded by a lot of work. Major organizational changes have already begun which should enable more efficient business operations and savings.

The plan is that the EPS should finish the first phase of reorganization by 1st July this year. The second phase should be concluded by 1st July 2016, when the Electric Power Industry should become a joint stock company.