

During 2012 and 2013 the unbundling of activities continued, and power utility company EPS started the process of separation of the supplying electricity activities from the distribution electricity activities. That was the reason for establishment of the new company “EPS Snabdevanje” /*EPS-Supply*/, which operates within PE EPS. The Government has entitled the “EPS Snabdevanje” for both commercial and public supply. The “EPS Snabdevanje” is a unique company within Serbia which enables all buyers, who have the right to public supply (households and small buyers) to have the unique electricity price according to tariff elements, regardless of which part of the Serbian territory they live in. The reform of the energy system in Serbia started in 2004 by adopting of Strategy of Energy development and the Energy Law. In July 2005 the Agency for Energy of the Republic of Serbia (AERS) was formed, as the independent regulatory body, which aim is to form the stable regulatory framework for the development of the energy sector. At the same time with the forming of the AERS, in July 2005, the first parting of activities began, and the result was the forming of the two independent legal entities. Public enterprise “Electric Power Industry of Serbia” (JP EPS), within which the following activities are performed: production, trade and distribution of electricity, and the other, the TSO Co enterprise “Elektromreže Srbije” (JP EMS), which deals with transmitting of electricity. As a national operator of the transmitting system, JP EMS is in charge of transmitting and controls of the transmitting system, organizing of electricity market, it is also responsible for rights assignments of available transmitting capacities on interconnectivity connections of the Republic of Serbia with the neighbor states.

A year later, in July 2006, Serbia rectified the Contract of the Energy Community establishment and by that it became, also formally, the part of the joint European market and is legally obliged to conduct the legal institutional and structural changes which are based on the directives of the European Union.

The next Energy Law, which was adopted in August 2011, meant the further steps to liberalize and set up the market of electricity in the Republic of Serbia, as well as the harmonization, and approach to regular and institutional European Union framework. The government of the Republic Serbia adopted, during the year 2012, initial basis for the reorganization of PE EPS, by which, together with Energy Law, the predictions for its further reorganization were made, which as well should enable the appropriate conditions for further liberalization of the electricity market.

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The liberalization of electricity market in Serbia takes place in three stages. From the 1st January 2013 any High Voltage-company had the right to get the electricity from anyone on the market. The second stage meant that any Middle Voltage-company, about 3,000 additional subjects, small consumers and companies, from the 1st January this year could freely enter into a contract with any supplier of electricity. From the 1st January next year the third stage begins, which means that any household can choose its own electricity supplier. From the very moment EPS will not have any guaranteed buyers. Very important is the fact, what is also the reason for many discussions, that EPS is going to be transferred from the public enterprise into a joint stock company, which is a substantial change, that we expect in the next period.

The very fact that the householders and small buyers will get the possibility to choose the supplier is very important from the point of view of electricity market retail introduction in all segments. Unlike the other states, where this liberalization step has brought the lower prices for householders, it will not be the case for the most of the households in Serbia, because there, the electricity price is under the market price. It is the consequence of the way of electricity price regulation for the public supply which is performed by legal and sublegal acts, and not by the market laws, so that it becomes the instrument of the social politics. Because of that, in the previous period, the electricity price for the public supply was lower, comparing with the ones formed in the open market in the countries of the region. This trend should be expected also in the next period, but it is sure that according to population standard growth in Serbia, the prices of electricity public supply will also grow, so we can expect then, their equality with the open market electricity prices.

The expected profit from the total opening of the market is the real electricity price and the investment possibility in new production capacities, which will enable the supply security for many years. Households will have possibility to choose the suppliers who offer the most favorable conditions of electricity sale.

In the next period the electricity stock exchange should also open in Serbia. The organized SPOT Market in Serbia is the subject of recently signed agreement on the cooperation between PE "JP Elektromreže" of Serbia and company EPEX SPOT. The Agreement concretizes the long lasting cooperation of the two companies with the aim of the establishment of the company SEEPEX, in which the ownership share of EMS and EPEX SPOT will be 75:25. The partnership shall contribute to set up the organizational market of electricity in Serbia, and its future integration into unique European Market. The SEEPEX is also the powerful sign for the realization of the regional market as the first stage of that integration.

The experts' opinion is that much is done in the field of energy in Serbia, all of that with the

aim to join the EU. However, our country expects more serious changes in the course of joining the legal legislations of the European Energy Legislative. The transforming of EPS from the public enterprise into a joint stock company, as well as the total opening of the electricity market will be the crucial changes.