

The main feature of Serbian electricity market is the one player dominance - of a public company Electric Power Industry of Serbia; then the dominant use of conventional energy sources, primarily coal; and full liberalization of the market.

About 75 percent of electricity in Serbia is produced in coal fired thermal power plants. The rest of the production relies mostly on large hydropower plants, while the share of renewable sources is very small.

Despite important potential, the renewable energy sector is largely undeveloped. It is expected that the new energy law will remove significant barriers investors faced with, which should lead to greater investment in renewable sources.

Almost total annual electricity production comes from plants that are owned by the state. State companies are also responsible for the operation of transmission and distribution system. Private sector participation is reflected in the ownership of several small hydro and solar power plants. In the area of supply, around 80 private companies have licenses as a result of the electricity market opening.

The market in Serbia has been fully liberalized since January 1<sup>st</sup>, 2015<sup>th</sup> with households and small consumers entering the market. This promises the competition increase and new investments in the sector.

The new Energy Law, which was passed in late 2014<sup>th</sup>, applied the Third energy package of the EU, improving the legal framework for investment, especially in the sector of renewable energy sources and removes barriers identified in the application of the previous law.