

Serbia: Electricity trade and electricity retail market overview

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Serbian electricity retail market is just developing. The price of electricity which is now one of the lowest rates in Europe will expectedly change by end of the year. Projections are that the price will go up for 60% by 2014.

The right to import and export energy is subject to the condition that traders acquire sufficient transmission capacity from EMS on the interconnection to neighboring countries to which their trades refer. Looking at the number of licenses issued by the AERS for electricity trading (46), it seems there are a lot of electricity trading activities in Serbia. In reality, all these licenses are obtained due to the fact that the Serbian TSO (EMS) does not allow bidders who are not registered and licensed in Serbia to participate in the auction for cross-border transmission capacity.

Therefore, any trading company willing to acquire cross border capacity over the Serbian transmission grid must establish a company and obtain a license from AERS. When you take into account that Serbia has 8 electrical borders with neighboring countries (some of them exporting and the others importing electricity, which makes the Serbian network an important electricity transfer corridor in the region), it is obvious that a large number of traders use their license for transits rather than trade within Serbia.

In Serbia, the electricity market has been opened up gradually. A start was made by the Energy Law (2004), which initially set the minimum annual energy consumption requirements for the eligible consumer status to 25 GWh. This status grants the right to the customer to freely choose its supplier. Lastly, in 2008 the Council of AERS passed a decision by which all non-household customers could obtain eligibility regardless of annual consumption, and also large households consuming more than 200,000 kWh/year. This went further than the requirements imposed by the Energy Community Treaty resulting in a potential market opening of 47%. This means that total consumption of eligible customers, who can buy energy for own needs in the open market, is 47% from total Serbian electricity demand. However, up to now no eligible customer has exercised its right to change supplier.

Non-eligible customers and effectively all eligible customers who did not choose to switch suppliers (which is in fact everybody) are supplied with electricity at regulated prices by the regional public electricity supplier