

In accordance with valid regulations, but also with the new Energy Law, which, according to the announcements of the Minister of Energy Aleksandar Antić, should be adopted by the end of year, the third phase of electricity market liberalization will start on 1st January 2015. This actually means that, as from this date, households and small buyers gain the right to choose the electricity supplier.

Electricity market liberalization is the obligation of Serbia in accordance with the Third Energy Package of the EU, i.e. the Treaty Establishing Energy Community. All EU states have undergone this process, by which competition has been introduced into the retail supply of electricity, and, thereby, the freedom of choice has been guaranteed to all end buyers.

In Serbia, the market opening was initiated on 1st January 2013, by the emergence of large consumers into the market, by which 9.5 percent of the market was opened. This year, the medium-voltage market has been liberalized. The consumers not fulfilling the small-consumer criteria, i.e. having more than 50 employees and the annual income higher than ten million euros, have had to emerge into the market.

This means that around 39 percent of the total consumption has appeared on the market. Of this, 16 percent has been purchased by distributors and the Electricity Networks of Serbia for loss coverage (around 5.5 terawatt-hours), whereas 23 percent has been delivered to end buyers. According to the methodology of the Energy Community, which takes into account only the end consumption, it can be concluded that around 34 percent of the market is open at this moment.

Small buyers have also gained the right to emerge into the market, but most of them have not used this right. 4.200 buyers have emerged into the market, of which 3.800 have concluded commercial contracts on supply, i.e. they have been buying energy from one of the three active suppliers (of the 84 who own the license).

The problem is in the fact that 1.300 buyers are on reserve supply. They were obliged to find a supplier, but they have not done this throughout the year 2014. By the Government's Decision, a significantly higher price was introduced for reserve supply, amounting to 59.9 eurocents per megawatt-hour, but even this has not been a sufficient motive for them to conclude a more favourable contract on supply.

According to valid regulations, as of 1st January 2015, the market will be open for households. Therefore, small buyers have already been entitled to emerge into the market, and, as from the New Year, the households also gain this right. The new Law envisages a small modification with respect to the current regulation, according to which all small buyers consuming more than 30.000 kilowatt-hours per year must emerge into the market. The households are not obliged to emerge into the market, but they only gain the right to choose a supplier.

Considering the very favourable price of electricity offered by the public supplier, the

analysis of the EPS Supply has shown that only the buyers who enter the red tariff, i.e. who consume more than 1.600 kilowatt-hours per month, could possibly have the interest in looking for another supplier. According to estimates, around 47 percent of the total consumed electricity will appear on the market, which means that, on the market, the participation of the regulated price will still be larger with respect to the freely formed price.