

# Serbia: Energy games theory, crisis imports of electricity for winter

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Serbia is faced with an economic crisis. We do not have sufficient coal, electricity and heating energy, gas and fuel oil. For ensuring any kind of energy stability, we will have to incur debts of 500 million euros, and any protraction directly causes the increase of the costs for power generating products said deputy PM Zorana Mihajlovic and former energy minister.

The events out of powers of any state, so as ours as well, such as natural disaster and political and military conflicts between Russia and Ukraine, have directly jeopardized the electric power balance of Serbia. The consequences Serbia suffers could not have been prevented. Could energy policy have been realized differently in the past decade - it surely could.

One could have taken more care about the way NIS was sold and simultaneously started with the construction of the smaller gas pipeline "Niš - Dimitrovgrad " which does not stand as a competition to the South Stream. It was possible also to organize better business operations of "Srbijagas "and heating plants and thus cut losses in power supply, instead of waiting for the lobbies to agree on who will sell and how the electricity meters will be sold. New electricity meters would have reduced losses on the grid, but the loan we have taken several years back in order to purchase them, is still not used.

As an expert and a professional, working in the power industry for more than 20 years, and who as a minister has run the power sector of Serbia for a year and a half, I can state that in the previous period there was not enough political will to solve these issues, as well as failing to intensively conduct the reforms in public companies, Srbijagas and EPS.

Today, when the Government is headed by the party and the Prime Minister whom the citizens gave enormous trust, I have no doubts the reforms will be carried out in full, and that nothing will ever be the same. Nor the public companies will be a state within a state; neither will the state plead them to be more efficient and to pay the income money to the state budget. Everyone will do their job and that will help us anticipate all potential power crises in the future.

But we have to be aware of the fact that Serbia is, due to the events beyond its powers, in the energy crisis today, because we are out of sufficient coal, electricity, heating power, gas and fuel oil. In order to reach any energy stability, we as a state will have to spend, i.e. to borrow 350-500 million euros. The ultimate amount will depend on further development of the situation in Ukraine, energy products prices fluctuations, and the damage we have due to natural disasters, reoccurred after the May floods.

Is it necessary to say that any protraction of making decisions directly influences the

increase of costs for energy products?

The water from the mines of Kolubara is finally being pumped out, but what hits us as inexplicable is that the directors of the public companies still insist on explaining that it could not have been done earlier, although they run the systems the lives of people and entire economy depend on. How many times did the Prime Minister ask at the Government meetings “how much longer for the pumping out the water” and “why haven’t you taken buckets in your hands”? The calculation is clear; the employees of Kolubara alone could have pumped out the water from the mines by 89 buckets per day.

The result of being late each day is that electricity import price goes up, and that cost would have to be borne by all citizens. The scenarios are evident, and they relate to the plan on how we will react in the event of gas supply stopping as of February 2015 (because Ukraine has sufficient gas until then) or the reduction or cessation of supply as of October this year until March next year. Parallel to this, we have to know exactly what is happening regarding the remedial action for the damage inflicted to the energy balance by the floods that do not give us peace.

The power balance presents a circled system and consists of equal proportions of electricity, gas, heating energy and fuel oil. Every disturbance in one of these segments leads to the disturbance to all other. If we had had problems related to floods only, it would have been expected that all decision makers in the power sector made important decisions urgently, and not talk about how we have problem with two elements of power balance (coal and electricity) that lead to the problems with third element, i.e. heating power.

The Government rendered a Decision in June that heating plants not using fuel oil should prepare a backup for minimum seven days. Rarely any of them has done it. Also, it was said to them to prepare for substitution of gas with fuel oil. Now there is a question whether there is enough fuel oil, because the Oil Refinery of Pančevo cannot increase the production of fuel oil by more than 30%. It is insufficient to meet our needs, since Serbia requires additional 21.000 tons of fuel oil.

What is for sure is that Serbia is in crisis and is not an exception in that regard. If anyone thinks the situation is different in the EU countries, they are wrong. No EU country has it all running smoothly, but compared to previous years, they await this winter with less anxiety because they have learned a lesson in previous crises, so they built storages in the meantime and found other ways and routes to have gas supply and to have enough electricity.

We waited for the political decision to be made and did not have a clear vision of what we want. Other knew what they want from us and got it, and we just stood and watched speechlessly.

The citizens should know that the Government will do all it takes to provide enough energy products. However, each and every one of us is aware that it is very important that all that we do should be done with spending as less money as possible. And it depends on the rate of our reaction. Therefore, it would be good for the director of public companies to get their grips together and realize that they are making decision on which foreign currency balance

of this country depends, and also the work of schools, hospitals, companies, household heating.