

Due to favorable electricity prices of Slovenian and German retailers, Electric Power Industry of Croatia has already lost 30,000 customers which is why they were forced to lower the price of electricity by 10 percent, but the competitors responded to the challenge with even bigger price cuts. Is EPS power utility company afraid of competition?

Although it has so far reported 60 licensed retailers, the Serbian market is not interesting to because it is large companies in process of formation, and the fact that the share of industry has dropped drastically in the total electricity consumption in recent years.

However, one should keep in mind that the other rules of the game apply to the market from those that applied in the system of public supply. Large companies have the ability to offer dumping prices. For example a large amount of electricity produced from renewable energy sources is available to the German “RWE Energy”, primarily wind turbines and solar panels so that they are often available to huge surpluses. They were willing to pay customers to take the surplus due to the congestion in the system.

Slovenians also have cheaper electricity at their disposal, produced by nuclear power plant in Krsko, and Croatian Electricity Company is unable to compete with the price under these conditions because their production is based on expensive technologies. Because of its significant hydro capacity, Serbia is in a far better position than Croatia. EPS is still dominant in the domestic market, but in the future they are not afraid of competition because established system stands behind them, developed operations and experienced staff.

At the European and foreign market offer of green energy from so-called renewable sources is increasing, and more and more socially responsible companies buy only this type of energy. How this might affect EPS?

Besides significant hydro capacities, other sources are still at symbolic level. From solar panels, only 10 megawatts are generated per year. The construction of a large wind farm was announced, but they gave up on that plan for now. We did not stand still, legislation has been prepared and agreed upon, but it is still hard to find serious investors. Negotiations with some of them are still at the very beginning.

Is there a danger therefore that domestic electricity becomes too expensive and thus less competitive on the market?

It's not about whether we sell expensive or cheap, we sell electricity according to our production costs in line with the prices that prevail in the market and which are formed on the basis of supply and demand. For example, due to drought and severe winters in February last year, the cost of one kilowatt was 100 euros.

One KWh costs now only about 45 euros. Price depends on the mode of production, and in Serbia, more than half of the electricity is produced in power plants. It is good that coal is a domestic product, because if it is imported, electricity would be too expensive. For example,

annual losses of EPS for Novi Sad district heating plant are between 15 and 20 MEUR because it runs on gas, whose price at the moment is very high. Kilowatt hour produced there costs 95 euros and at that price it is impossible to sell. Cost is made consciously because the production of electricity and heat which warms the city is connected
Source; Serbia Energy