

Serbia: EPS did not seek the increase in the electricity price, financing of electricity imports questionable

Categories : [News Serbia Energy](#)

Date : July 15, 2014

Speculations on the prices correction are fueled by powerful lobbyists who care about higher electricity import at the end of this year and early next year

The public enterprise "Electric Power Industry of Serbia" did not seek the increase in the electricity price for 50 percent (30 plus 20), nor the request for the correction was sent to the Serbia Regulatory agency, as it is required by the procedure, confirmed yesterday both in this company and the agency. After some media speculation that the electricity price will increase in two parts for a total of 50 percent, in the Agency explain that there is no announcement of such a thing.

Although during the weekend there were speculations that EPS has the support of the Ministry of Finance for the increase in electricity prices, about what allegedly was discussed in the government last week, the proposal to increase the accounts is the consequence of the fact that Serbia will have to import electricity and to pay it in advance, for which EPS has no money.

That this "trial balloon" for the increase in the electricity price has its stronghold also confirmed the fact that the EPS has suffered severe directly and indirectly damages during the recent flood why it will have to import electricity.

According to the director Cedomir Ponocko, the floods have led to the fact that the plant "Nikola Tesla" in Obrenovac will deliver about 30 percent less electricity than planned during the winter. Instead of about 90.000 tons of coal as it was produced in normal winter conditions, it is anticipated that less coal will come from "Kolubara" in TENT during the winter. Last month it was between 40.000 and 45.000 tons per day, while in the next few months it should be 65.000 tons, which is enough for about 60 percent of production of that thermal power plant.

Serbia gets 70 percent of total electricity production from coal and 30 percent from hydro potential, it is clear that EPS will have to import the electricity during the winter, because that the consummation also is higher for 50 percent than in the summer.

Given these circumstances, the level of coal production will dictate the level of acquisition of the missing power.

If it wants to pass cheaper, EPS should buy electricity these days because it is now cheaper, but also to use this period for filling reservoirs in order that all facilities be filled up until the beginning of the fall and heating season. It also refers to the reversible hydropower plant "Bajina Basta".

None of the officials could specify yesterday how much electricity EPS would need from the early winter, and it will be known only after the revision.

On this occasion the Trade Industry Union of the United Trade Unions of Serbia "Sloga" immediately reacted yesterday, which thinks this request indicates that there is a lobby pressure to sold EPS as soon as possible to foreign companies.

This alleged price increase represents a textbook example that state should not at all sell its energy potential to some of the foreign companies, because they would continue to break down the state economic power by forming the market price of electricity. Besides the possible price increase would jeopardize the already poor standard of the citizens and the state would bring into the economic chaos, despite the fact that the current electricity price is not economically viable.

Electricity price increase would also create the market conditions for other price increases, with the announced reduction of September salaries to the employees in the public sector and to the retirees by the end of the year by 10 percent, there would be real economic chaos, stampede of basic foodstuffs prices and decline in citizens standard by more than 50 percent, states in the "Sloga" press release.

The fact is that country, however, has not done anything on the issue of EPS incorporation (responsibility has to get its name in EPS) on which EPS acting director Aleksandar Obradovic talks about two years.

If EPS had moved of public company into a shareholding company for this period, it would not have lost per day 100.000 EUR or 36 MEUR per year, as Obradovic calculated. Instead of throwing that money now, it would well come not only for electricity import, without price increases, but also it would help to revitalize the flooded mines for which it still remains far unclear - whether they are insured or not.