

Although the electricity market in Serbia has been liberalized for more than three years, state-owned power utility EPS is the sole supplier of electricity to Serbian households. Serbian households have the right to choose their own supplier, but that right has not been exercised so far, because EPS offers electricity at prices far below market ones, which means that independent suppliers would have to suffer losses in order to offer prices competitive with EPS'.

Former Deputy Minister of Energy Slobodan Ruzic said that retail price of electricity for households is not realistic, which is the only reason why energy suppliers and traders do not compete with EPS in supplying electricity to households. He noted that the price of 64 eurocents/kWh is even below EPS' production price, but the state leads its social policy over the price of electricity, which is significantly lower compared to other countries in the region. However, EPS sells electricity to traders in Serbia and region at market prices, thus covering the losses made in the supply of households.

According to Ruzic, independent suppliers will have the motivation to participate in the supply of Serbian households only if the price rises above 7 eurocents/kWh, plus VAT and other excise duties.

For comparison, the price of electricity for households in Serbia is 19 % lower than in Macedonia, 20 % lower than in Albania, 21 % lower than in Bosnia and Herzegovina, 31 % lower than in Montenegro and 50 % lower than in Croatia.

Earlier this week, Acting Director of EPS Milorad Grcic said that EPS currently holds 97.25 % of electricity market in Serbia, which includes the supply of households, small and medium enterprises, public institution and large industrial consumers.