

What is the status of EPS restructuring process and is there a chance that EPS once again becomes a leader in the region? Jelica Putnikovic spoke in the program “Energy Sputnik” on this subject, as well as on the subject of power sector in Russia with Aleksandar Jakovljevic, Head of Strategy Department in EPS and Sergei Pikin, Director of Energy Development Fund of Russia.

It is no secret that EPS started with the reforms insisted by IMF, World Bank and the Energy Community of South East Europe, and that it finalized this year with achieved profit. “From the perspective of formal requests of the EU and the Energy Community, the energy sector has been reformed in accordance with the requirements. What we do at the moment and what should be improved are organizational and operational performance of the system that are not related to some strict directives, or methods that Europe has envisaged. Over the past two years we have been going through a number of significant organizational changes and from one system of 14 companies in Serbia now there are practically only two that deal with operations within EPS competence, and we also have a process of improvement in operational terms” explains Jakovljevic.

According to him, EPS has the potential to regain its leading position in the region. “We develop the wind farm project in Kostolac of 60 megawatts capacity, which is the most significant project for EPS in the future. What I would like to point out is that, although hydropower is often not regarded as a renewable energy source, because it has no possibility of obtaining “feed-in” tariff, hydropower is a renewable energy source and we will be focused on the revitalization and modernization of our hydro capacities in the future, bearing in mind that they produce one third of the electricity in Serbia, therefore we will invest in hydropower sector around EUR 500 million by 2025”, says Jakovljevic. However, he says that there is little interest in Serbia from foreign investors in investing in traditional energy sources, and that the focus around the world is to invest in renewable energy sources.

Sergei Pikin, Director of Energy Development Fund of Russia, said that in Russia all the companies that produce electricity are privately owned. As stated, they are often owned by a holding company in which the state has a controlling share such as in the case of “Gazprom”.

Pikin adds there are currently three foreign investors present in Russia - from Finland, Germany and Italy.

“When it comes to electricity production, there are no obstacles for foreign companies. If now one of the foreign investors would like to buy assets from Russian electricity producers, there must be several interesting offers, because now some investors are willing to sell their assets in Russian companies, but not because of political circumstances. The situation on the Russian electricity market is not depending on the politics, and in a sense it is no different from, let’s say, the car market - someone made it, someone did not. Power industry

is a long-term business, and it is pointless to expect a profit after two years of operation on this market. These are investments that will pay off for at least ten years. The situation on the Russian market is stable, it does not depend on oil prices decrease and other shocks, but solely on the situation on the internal market, which is also stable”, explains Pikin.

Although Serbia is criticized for using coal in electricity production, Aleksandar Jakovljevic points out that coal and water are available resources in Serbia, which are irreplaceable at this moment.

“We must make efforts to use this resource properly, having in mind that it allows us the security of supply and stability and to some extent energy independence. We have no alternative to significantly reduce the usage of coal by some other resources, because we have no such resources in the field of renewable energy. We have to use coal in an appropriate way in accordance with the regulations, but of course, on the other side we should also consider the possibility for other measures, such as consumption decrease through energy efficiency, fight against climate change and further inclusion of renewable energy sources. However, in a longer period of time coal will certainly remain the primary source of energy, because we have no alternative”, said Jakovljevic.

When it comes to whether Russia plans to replace electricity production from coal and nuclear power with renewable energy sources, Pikin says that Russia has plans to build wind farms and solar power plants, and a certain number of these plants is already operational.

“Of course it is impossible to compare the number of wind farms and solar power plants in Russia and in Europe, China and the USA, but Russia does not plan to overrun these countries, but it primarily seeks to improve technology and to have a clear conception of what will be the role of these sources in the entire energy system of the country. Because each country is faced with the fact that it is very difficult to “fit” alternative and traditional sources into one system. Therefore, we should first develop the concept of joint use of resources, and then to use renewable energy sources at full capacity”, said Pikin for Sputnik.