

Serbia: EPS without competition in the electricity supply to households

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Almost none of the 84 registered companies for the electricity sale is interested in this job, because they cannot offer a lower price than the current one of the price offered by state owned power utility company EPS (Elektroprivreda Srbije).

Public Enterprise Electric Power Industry of Serbia (EPS) will probably remain the only electricity supplier to households in Serbia after January 1st, 2015th, because no one will be able to compete with lower price.

Although the electricity market will be opened from the New Year, which means that the consumers will have the opportunity for the first time to choose from whom they will buy electricity, none of the 84 licensed electricity traders, except "EPS supply", will be seriously involved in the retail sale of electricity, shows a mini-survey conducted among traders.

The main reason is the fact that electricity in Serbia is still a social category and therefore electricity traders do not see the interest in this work. This is not surprising given that the kilowatt-hour in EPS is cheaper by 15 to 20 percent than the realistic cost is.

Asked if some of the registered, large electricity retailers could sell cheaper electricity than EPS to households from January 1st, Slobodan Ruzic, former consultant of the energy minister, says it is not realistic to expect such a thing.

- The market opening, as it is required by EU directives, is nothing more than an attempt to build up a sophisticated way, the electricity price, and at the same time the Government is not one that will increase the electricity price. This was precisely the reason that the markets for consumers at high and medium voltage would be firstly open two years ago. Electricity in EPS has become then an economic category and it made sense to engage in business and big electricity traders, explains Ruzic.

Changing the current dealer can possibly be worth to a small factory or household, which has central heating, he explains.

Since the opening of the market on high and medium voltage EPS benefited because it earned the economic electricity price, but when it comes to households, the same tariff system, which has been in force until now, also will be further effective, so that even EPS earnings will not increase just by the market opening.

There is a possibility that only the Slovenian "GENI", which already sells electricity to the part of the Serbian economy, in the test period, tries to work with households. But not with all but only to those who have higher consumption, or use a lot higher, or red tariff when the

electricity is the most expensive, says Nenad Savic, whose company “Nova Komoditis” trades with power, but does not intend to engage in business with households, at least for now.

-With electricity price that is lower than the market one hardly has room for development of competition and the real opening of the electricity market for citizens, says Savic.

In the Energy Agency are not surprised by these announcements, although they gave 84 licenses to traders engaged in the sale and electricity supply. Of all these, only three of them supply the end customers.

The electricity market liberalization for households in which EPS will remain a monopolist is not surprising if one considers that the average salary in Serbia is around 325 EUR. In such circumstances, few people even think of changing supplier, although that is right, because no one has a lower electricity price than “EPS supply”.

- Another question is whether EPS often losses, because it buys more expensive electricity than it sells to large consumers and households, but if it works it is only for reasons of preserving market. At the end all consumers will pay this difference in price.