

Serbia requires serious investments in the energy sector. With the full opening of energy market and the electricity price increase, major investments should also be enabled. Draft Energy Sector Development Strategy of the Republic of Serbia for the period until 2025 with the projections until 2030, should be adopted soon. According to this document, the participation of the energy from renewable energy resources will have to increase, which will certainly contribute to the preservation of environmental protection. In addition, the Directives on the promotion of the use of energy from RES and the Third Energy Package of the European Parliament and Council Directives have been implemented into the new Draft Energy Law, the energy investment procedures have been simplified and a legal basis has been created for accessing networks with the purpose of a cross-border electricity exchange. The new Energy Law is aimed at eliminating the perceived problems from the practice of the old laws from 2004 and 2011 and at creating a more favourable climate, as well as at simplifying the procedure for investing in energy. The Law should be adopted by the end of year.

The HPP "Great Morava", the HPP "Ibar", the HPP "Middle Drina", the RHPP "Bistrica", the RHPP "Đerdap 3", as well as the construction of several mini hydropower plants, are among the potential projects in the Draft Energy Strategy for constructing new production capacities. All these projects are of strategic importance for our state and they should provide the green kilowatts that Serbia requires so as to fulfill the strict environmental conditions that the European Union sets upon its way towards the accession.

Last year, the Canadians were at the finish of comprehensive preparations for the construction of two Hydropower Plants on the river Lim near Brodarevo. The Canadian company "Reservoir Capital" from Toronto and the daughter company "REV" from Belgrade had obtained the approval for the Environmental Impact Study, but not a building permit, too. The Administrative court annulled the building permit of the Canadians for the HPP and so the whole project went back to the very beginning.

The reversible hydropower plant "Bistrica" should be one of the major projects for the Serbian energy sector. It will provide additional security for the energy system, particularly when there is not enough electricity and when the electricity is the most demanded and the most expensive. Back in 2012, the Electric Power Industry of Serbia (EPS) signed the Memorandum of Cooperation for the development of the project with the estimated value of around 600 million euros. The agreement was signed with the Canadian-Chinese consortium of companies, the Canadian company "Lavalin" and the Chinese "China Nuclear Power Engineering". The implementation stage of this project is unknown.

In September 2010, the "Electric Power Industry of the Republic of Srpska" and the "Electric Power Industry of Serbia" concluded the agreement on joint preparation of the Feasibility Study for the HPP "Middle Drina" with the preliminary design, after which the preliminary agreement on cooperation in this project was signed between the EPS and the

Italian company “Seci Energia”. The investment worth has been estimated at 830 million euros. The beginning of project implementation has been planned for 2014, and the conclusion has been announced for the period from 2020 to 2023. A strategic partnership or a loan have been planned for the construction of this hydropower system. The funds have not been provided yet.

The technical solution in the middle course of the river Drina includes the construction of three hydropower plants in a cascade - Dubravica, Tegare and Rogačica, with the total installed capacity of 320 megawatts and the average annual electricity generation of around 1.200 gigawat-hours. The project is still at the beginning, although negotiations have been conducted ever since 2010.

It has been speculated that the possible reason for the prolonged beginning of construction is the fact that the electricity generated in these power plants will be treated as the power generated in Italy. At the beginning of January this year, the President of the Republic of Srpska Milorad Dodik said that he was not sure that the talks about the construction of the HPP “Middle Drina” would be successful and that the participation of the Republic of Srpska in the project depended on the agreement between the Serbian Government and the Italian representatives.

The construction of “Middle Drina” has been accompanied by frequent disputes between the Federation BiH and the Republic of Srpska, most often about jurisdiction. The Federation believes that this job must go through the state Commission for Concessions, whereas, in the Republic of Srpska, it has been pointed out that this is a project from the Agreement on Special Parallel Relations between the Republic of Srpska and Serbia. Only for the issue of ownership share to also emerge later on. It is obvious that there are still many things to be defined with respect to this project, so the beginning of project implementation is constantly postponed.

According to the investment and technical documentation made during 2008, the investment value for the four hydropower facilities on the “Upper Drina” has been estimated at 435 million euros. In cooperation with the Electric Power Industry of the Republic of Srpska, the PE “Electric Power Industry of Serbia” has signed a Memorandum of Cooperation with the German company RWE, which also includes the implementation of this project. In spite of the agreed cooperation, the contract was terminated last year, although the beginning of construction had been planned for 2013. There is no official explanation for the failure of this cooperation.

The construction of hydropower plants on the river Ibar, with the individual capacity of around 15 MW, was envisaged by the spatial plan of Serbia from 1996. The Italian company Seci has also been interested in the construction of these facilities.

When it comes to the energy from the wind, there are still no wind power plants in Serbia. But the construction of the first wind farm “Plandište” began last year and, as it has been

announced, it should be finished soon. The implementation of this project will bring the state closer to the fulfillment of standards of the European energy policy and it will enable an increased participation of “green”, ecologically clean energy in the national energy balance.

For years, the projects for the construction of several wind farms within the region of Vojvodina and Banat, where the conditions for such facilities are also the most favourable, have been planned, announced, and then postponed.

During 2008, the then Ministry of Mining and Energy signed the protocols on cooperation in the implementation of several projects. The Wind Farm Bavanište (investor Wellbury Wind Energy), the Wind Farm Bela Crkva (investor VPBC Wind), the Wind Farm Dolovo (investor Loger llc).

In 2008, the Protocol on the implementation of the project “Wind Farm Kanjiža - Renewable Energy Resources, Wind Energy” was signed in the municipality of Kanjiža. According to the protocol, the municipality of Kanjiža was supposed to be among the first to generate 150 megawatts of pure energy from the wind. Serbia still cannot count upon the kilowatts from this wind farm.

The municipality of Kovin has also been waiting for its wind farm for several years already. The project “Čibuk 1” will be implemented by the company Continental Wind Partners (CWP) in consortium with other companies. The plan of the company CWP is to invest around 450 million euros in the wind farms in Serbia with the capacity of 300MW. However, the project “Čibuk” suddenly lost the building permit in June this year, but the investors believe that this will be solved quickly so as to avoid a halt in the project.

What the implementation of all these project depends upon most is the new Energy Law, as well as the improvement of the Power Purchase Agreement for renewable energy resources. For investors, Serbia is not a secure region although it is suitable for this when it comes to natural resources. By the new law, the regulatory framework for the sphere of investing in renewable energy resources should be completed. In order to stimulate investors to invest in new renewable energy resources, the stimulations through the price of a kilowatt-hour of generated electricity are necessary.

The Republic of Serbia, as a member of the Energy Community of Southeast Europe, has undertaken to implement the directive promoting electricity generation from the RER. The end goal which is pursued is that the RER participation of 27% be reached by 2020.

The works related to the construction of the wind farm on Vrška Čuka near Zaječar, in which the Swiss company “VP Energy Systems” is investing 70 million euros, were started in March this year.

To a large extent, the construction of hydropower plants and wind farms will strengthen the Serbian energy sector, contribute to the overall energy security and significantly reduce the need for electricity import. In the political sense, this will bring Serbia closer to the

European Union and contribute to the fulfillment of objectives within the sphere of the use of renewable energy resources.