

Serbia: Expert public divided on the level of "feed-in" tariff for electricity generated from renewable energy sources

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Electric Power Industry of Serbia says that this compensation was EUR 20.1 million last year.

Consumers in Serbia often wonder why they are obliged to pay electricity produced from renewable energy sources through a compensation displayed in electricity bills.

Namely, the Government encourages renewable energy producers through the so-called feed-in tariffs, i.e. EPS purchases electricity from them at a higher price and the difference between regular and preferential price is paid by the citizens. This compensation is RSD 0,093 (EUR 0.00075) per kilowatt hour. In practice, this means that a household that consumes for example 350 kilowatt-hours, needs to allocate additional EUR 0.26 for the payment of electricity bills. Those who consume 500 kilowatt-hours allocate additional EUR 0.37 and consumers who use electricity for heating and spend around 700 kilowatt-hours during the winter period allocate for such compensation EUR 0.5. Due to the low income and the high amount to be set aside for a consumer basket, the majority of citizens believe that this is an unwarranted expense.

However, the expert public is divided regarding this issue. Some experts believe that it is quite common that the compensation is paid by end-consumers while others think that it is not fair. Slobodan Ruzic, a former Deputy Minister in the Ministry of Mining and Energy and the Director of consulting company Energy Saving Group, said for Danas that the price at which EPS buys electricity from producers who generate it from RES and the compensation paid by the citizens for its use is not high.

- EPS is not doing anything on its own, and the State has already passed the appropriate regulations for encouraging investors in renewable energy. The price is calculated in such a way so that they can pay off their investments within 12 years. There is no possibility to decrease that price at any given moment except in the event of a decrease in prices of equipment necessary for the construction and operation of the plants for electricity production from renewable energy sources. The only exception is the solar energy, as for many years the price of equipment has been decreasing, so there may be room for correction - says our source.

He adds that the price that consumers pay through the compensation for RES is not high.

- This price is determined based on the difference between the regular price and the price for producers from RES and it depends on their number and the amount of electricity they generate. In the future, we can expect that the amount of this compensation will only grow depending on the extent of increased investments in renewable energy and its production.

This amount may be stagnant just in case the base price of electricity that EPS supplies consumers is increased - Ruzic points out.

He adds that the system of feed-in tariffs has been applying in developed countries of Europe in the last twenty years and it is usual that end-consumers pay a compensation for the use of renewable energy sources.

On the other hand, Vojislav Vuletic, Secretary General of the Gas Association of Serbia, says for Danas that feed-in tariffs in Serbia are high, and that the compensation for the use of renewable energy should be abolished.

- In Europe, feed-in tariffs were very high earlier. However, it proved to be a bad solution in the long run. Since it is required to purchase electricity from renewable energy sources instead of consuming the electricity generated by the power industry of that country, which is the case here in Serbia, there was a case of creating enormous losses because power companies were obliged to buy more expensive electricity instead of using their cheaper electricity. Therefore, for example, in Germany, feed-in tariffs are reduced. Serbia should follow the same way because here the prices are too high - says Vuletic.

He points out that it is not fair that consumers in Serbia pay compensation for the electricity produced from the renewable energy sources.

- State should solve this issue in such a way that consumers are not damaged. The price of electricity should be one and the same for all without any additional compensations that burden the consumers. The fact that the government wants to encourage RES owners does not mean that the citizens should pay for it - says Vuletic.

The feed-in tariffs in Serbia depend on the sources from which the electricity is generated as well as on the plant capacity. The price for hydropower plants is from 6 to 12.6 euro cents per kilowatt hour. For biomass from 8.22 to 13.26 eurocents. For biogas from 15 to 18.33 cents per kilowatt hour. For electricity generated from waste 8.44 to 9.2 cents is paid for kilowatt hour. For wind the power purchase price is 9.2 and for solar power plants from 12.4 to 14.6 euro cents. From geothermal power plants generated electricity that EPS pays is 8.2 and from incineration plants 8.57 euro cents per kilowatt hour. For combined heat and power plants the price is from 7.45 to 8.2 cents per kilowatt hour.

Electric Power Industry of Serbia says for Danas that last year they purchased electricity from RES producers in the amount of EUR 31.3 million and based on this they have collected EUR 20.1 million from consumers.

- The compensation for privileged energy producers is determined by the Government of Serbia. In accordance with the regulation, the compensation is charged per kilowatt-hour through the electricity bill. The collected amount of compensation depends on the level of monthly consumption and the level of charge - it is stated in EPS.

The Ministry of Mining and Energy says for Danas that everything is done in accordance with the international obligations of Serbia and that this is a part of the process of European

integration. However, renewable energy sources are also in the national interest because they contribute to energy security, which is a part of national security, security of supply, the use of domestic resources etc. – it is said in the Ministry. It is also stated that the benefit for consumers is reflected in increased security of supply, greater diversity of energy sources, reduction of import dependence, and increase of tax revenues and so on. The environment has the greatest benefit because of the power plants contribution that use renewable energy to reduce carbon dioxide emissions.