

Serbian power exchange should come in life next year. The electricity price will be on the economic level in 2-3 years. Banks are not satisfied with the model contract for the electricity purchase from renewable sources. Construction of the first major power plant will attract new investors in renewable energy sources. These are the major questions which developers and financiers raise to the new government of Serbia and ministry of Energy. At a conference in the "Hyatt" hotel, Goran Vukojevic, director of consulting company "Parsons Brinckerhoff", which opened a branch office in Serbia this year, mainly dealing with energy and railways, said that Serbia would have to build new capacities from renewable sources.

- In Europe for the electricity production the most used are fossil fuels, while renewable sources with hydropower plants makes 16 percent of production. Renewable sources are still expensive, although their construction price fell, and it is expected to further decline. In the next 20 years we will see the biggest growth in the wind turbines construction and later solar capacities and energy from biomass - said Vukojevic, adding that the total wind energy potential is 20 times bigger than the total needs for the energy today.

According to him, today in Serbia 53 percent of electricity is gotten from the thermal power plant, 39percent from hydro power plant, 4, 5 percent from cogeneration plant, while the solar capacities makes only half of one megawatt, and so much wind capacities were installed until now.

-Serbia has attractive feed-in tariffs, which attracted many investors. Serbia has great potential in wind and without any investment in the existing network, 900 megawatts of wind power could be connected, while by the minimum investment in the transmission network could be connected as much as 2.000 megawatts - said Vukojevic.

He recalled that in Croatia already were installed 130 megawatts of wind power, 700 megawatts in Bulgaria and 2000 in Romania.

- When the first major power plant would be built, probably other investors will come to invest in renewable energy sources - said Vukojevic and added that "now there are speculative investors who want to make a quick profit and they are little interested in investing in Serbia."

The head of Economic Section of the U.S. Embassy in Belgrade, David Ksivda said that the Ministry of Energy did a lot on the legal framework formation for the investment in renewable energy sources, but it is necessary better cooperation between relevant ministry and financial institutions and investors.

He recalled that in the United States in the past were built 90 percent of the all world's solar capacities and 80 percent of wind energy generation, but nowadays China took precedence in the wind, and Germany in the solar energy use.

The representative of the Serbian Wind Energy Association (SEWEA) Ana Brnabic said on the conference that members of this organization planned to invest 1.5 billion EUR in Serbia

in the wind parks of capacities of 1.000 megawatts in the next five to seven years.

- This is much above the quota of 500 megawatts, but we hope that the government will increase the quota when first kilowatts of wind power would come - said Brnabic.

SEWEA representative pointed out that electricity from wind park was gotten during the winter when the electricity consumption was maximum and the government bought expensive electricity.

- Electricity of 500 MW produced by wind would increase electricity bills for 2-2.5% gradually during period from 2015. to 2017. However, this increase should be seen in relation to the external costs of production from conventional sources, the import price of electricity in the winter period, cost of new conventional plant, as well as quotas for CO2 emissions and penalties for violation.

Brnabic said that local regulations for investors in wind farms made difficult construction start.

- Model Contract for the electricity purchase from privileged producers prevents projects bigger than five megawatts, as the international financial institutions do not consider the guarantee to be sufficient for loan approval for these projects. This problem should solve the Ministry of Energy and banks in order to allow start of wind parks investment in Serbia.

Brnabic pointed out that investors in wind farms were faced with frequent and sudden changes in the Law on Energy, with the law interpretation under which a socket for a wind park built "Serbian Electro Power Network" and must take into account the false wind park projects.

-Problems are unstable and unpredictable legislative framework, emergency procedures without public debate, the delay in the laws adoption and working groups in which often there is not investor representative. And it was changed, among other things, the deadline for wind park construction from three to two years while small hydro power plant you can build for five years - explains SEWEA representative.

-The United States will generate 80 percent of its energy from clean energy sources by 2035, including both renewable and traditional sources of clean energy such as nuclear energy, natural gas and uranium. Today, 40 percent of U.S. energy comes from clean sources - said Ksivda.

He recalled on the upcoming big investment of the American company "Continental Wind Power" in wind turbines in Serbia, "which will build one third of the total capacity from the wind energy that Serbia needs".

She recalled that the wind park construction would start construction industry, which was frozen. She said that only for the wind park construction of company "Continental Wind Partners" in Kovin about 400 people would be employed for a period of two years as long as works would last.

Aleksandar Stojkov, director of VIP foundation from Vojvodina, said that the local

government awareness was changing and that in Vojvodina introduced ISO standards in order to follow the documentation submitted by investors.

Often investors cause themselves problems because they do not submit complete documentation, or in order to save a little money they do not hire adequate project manager- said Stojkov.

He pointed out that when an investor comes to some local government units an officer has to make the exact steps sequence with him that must be taken in order to implement a project and he needs to check a project, help investors and urge if problems arise.

Director of VIP foundation announced that in the next period in every municipality would be mapped all potentials for renewable energy sources.

On the conference, Gordan Tanic, from the Energy Agency, said that in the next two to three years, Serbia would have to increase the electricity price at an economically sustainable level, in order that EPS could operate with a profit that would allow investment in new energy objects and the maintenance of the existing network.

- If we bring now the electricity price to an economic level, the electricity prices would increase by 20 to 30 percent - said yesterday Tanic.

He did not precise how big would be this increase, but added that reaching of economic price level was predicted with the Serbia Energy Development Strategy by 2025.

Tanic noted that before reaching the economic level of electricity price, the social component should be moved from of the energy sector in Serbia, and the government since adopted the Regulation on energy-protected consumer, which would be changed by the end of this year.

When it comes to the electricity price, it is necessary firstly to protect the socially vulnerable population layers and to ensure the price that generates a profit of power plant company, which will enable the charging of "budget holes".

Therefore, on the state interest is to rise in electricity prices, he said and added that the electricity prices from the beginning of the year were no longer regulated, but the market for large industrial customers.

- From next year, the liberalization of the electricity market and the market price also will be valid for customers to medium voltage, and from 2015. for small consumers and citizens, if they wanted - reminded Tanic.

According to him, Serbian power exchange should come in life in 2014, which will be linked to the regional stock exchanges through which electricity will be traded.

The representative of The Energy Agency said that the natural gas prices, after the latest increase in September, were close to the market prices in the region and Europe, but there still existed space for the cost rationalization of "Srbijagas", which affected gas price decrease on which the Agency would work in the future.

- In comparison to other countries Serbia has the advantage of agreement with Russian

“Gazprom” not to pay the penalties for contracted and not undrawn gas amounts, and all other countries pay that, but it is bad as transit fees through Hungary remain high. Electricity price in Serbia, which in August rose about 11% for households and 12.8% for economy, remains among the lowest prices in the region and Europe. At the panel end Aleksandar Savic introduced the application of renewable energy sources in the Technical School “Rade Koncar” in Belgrade. Given the fact that on the conference were not speakers from the Ministry of Energy, although the participation of Minister Zorana Mihajlovic was confirmed, the government’s plans of electricity prices, the electricity market liberalization, plants delay of renewable energy sources and others were absent.
Source; Serbia Energy