

Srbijagas current gas importer and distributor monopoly has to enter into restructuring and distribution of activities within the company and the government needs to make a decision about it, Serbia's Minister of Energy Zorana Mihajlovic. Ministry proposal is based on the proposal that one new company Transgas is formed, which would deal with gas transmission and trade, and Srbijagas, which would be responsible for gas distribution.

A proposal put forward by the management of the Serbian gas producer to restructure the company by forming a national energy holding company could result in the entire Srbijagas being purchased by someone who pays its debts, Mihajlovic said at a press conference in the Serbian government.

She pointed out that the Energy Ministry has proposed to the Serbian government another model to restructure Srbijagas, and it consists in creating two companies - Transgas, which would deal with gas transmission and trade, and Srbijagas, which would be responsible for gas distribution.

Responding to allegations by the company's management that the model proposed by the ministry could lead to Srbijagas incurring even more debt and eventually, to its closure, Mihajlovic said that Serbia must have a state-owned gas transmission network and spending needs to be rationalized in the distribution part.

"The goal is to increase Srbijagas' capital instead of letting it go down the drain," she said, adding that it is currently in debt by EUR 1.4 billion, 560 million of which it owns for gas. Mihajlovic confirmed that under the ministry's model, the responsibility for managing the the South Stream pipeline operation in Serbia would be taken over by the newly formed enterprise Transgas as it is a high pressure gas pipeline that the state cannot give up on.

Source; Serbia Energy