

The main reason why the current government is ready to allow Elektroprivreda Serbia to borrow another billion euros is that it is a far more favorable solution than to suddenly and significantly increase the price of electricity in crisis conditions, according to the expert public.

The Minister of Mining and Energy, Zorana Mihajlović, recently stated that “it is realistic for EPS to borrow an additional billion euros” in order for the company to function, stating that since the collapse of that company in December last year, more has been spent on the import of electricity, coal and fuel oil of 700 million euros.

She added that the decision to raise the price of electricity has not yet been made because the National Bank of Serbia and the Ministry of Finance are of the opinion that it would affect inflation, but that she believes that “when they consider that it is okay in relation to the fiscal stability of the country, come to that”.

Announcements that EPS will take on additional debt do not make the public happy, among other things, because that company recorded a loss of 29.8 billion dinars, or about 250 million dinars, for the first three months of the current year. It should be added that from October to the end of December last year, EPS suffered losses in the amount of 185 million euros. What further worries the public is that the total indebtedness of EPS on March 31 was 1.4 billion euros, and experts estimate that the company’s real losses this winter were between 500 and 600 million euros.

Energy expert Goran Radosavljević tells Danas that it is much easier for the authorities to provide state guarantees for EPS loans than to suffer criticism due to the increase in the price of electricity.

- It is already a tried-and-tested model that the state applies when it comes to Srbijagas, and now the same principle is being applied to the Electric Power Company of Serbia. The only other solution that the Government can implement in this case is to increase electricity prices, which is unpopular and is being avoided as long as possible. A simple company has been brought to such a bad state by bad management that it is impossible to get out of it without applying one of those two things - our interlocutor points out.

He does not believe that in all upcoming quarters the loss of EPS will be at such a high level as in the first quarter of the current year, but that in the event that the company waits for the winter period in this condition, it will be significant.

Dilojt company’s energy expert Željko Marković points out for Danas that the low price of electricity is the main reason why EPS does not have available funds to cover its costs and has to borrow.

- It should be the complete opposite because EPS is a commercial enterprise that would have to make money from the production and sale of electricity. Due to the fact that the price in Serbia is not at a realistic level, the company is suffering losses, in addition to the fact that due to insufficient quality coal, it is forced to import electricity and coal, which

costs money - explains Marković.

According to him, EPS will be able to use some international grants, but it would be very important to expand the number of citizens covered by so-called social cards, that is, those whose electricity bills would be subsidized by the state. In that case, there could be an increase in the price of electricity that would enable the smooth operation of EPS when it comes to investments and overhauls, because socially vulnerable categories would be protected.

- As for whether the company's losses will be maintained at a high level in the remaining quarters as in the first, it will primarily depend on factors such as how much electricity will be produced in domestic hydropower plants and what its price will be on the stock exchanges. What should certainly not be expected is that these losses will be reduced to a significant extent - says Marković.

Privatization advisor Branko Pavlović states for Danas that it is not in dispute that EPS is in debt, but that it does not make a profit from which it would return the loans taken, so that process falls on the shoulders of the citizens.

- All large and powerful companies are in debt, but at the same time they also record profits from which they service their debts. This is how EPS should work, but due to inadequate management, it is not able to operate positively. That's why they get into debt, and the government gives state guarantees that those debts will be repaid, to the detriment of the budget. The only way to prevent this from happening is for the authorities to enable EPS to operate profitably, which means that it is necessary to change the way it is managed - concludes our interlocutor, writes Danas.