

## **Serbia: IMF monitors the restructuring of power utility EPS and electricity price increase**

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Finance Minister Dusan Vujovic said that during the visit of the IMF Mission to Belgrade, from 29 April to 13 May, there will be discussions about the restructuring of the EPS, which should come into force by June 1, and the decision on the possible electricity price increase will be subsequently made, based on the decision of the regulatory body and the Government of Serbia.

The agreement with the IMF was to create a plan for restructuring of the EPS and within this plan to make an adjustment of electricity price, and a number of other elements of the EPS' performance, so that the public wouldn't think that EPS is getting a higher electricity price, and thereby covering all of its inefficiencies, Vujovic said.

"We are in the final phase of this program (EPS' restructuring) and it will be discussed during the forthcoming visit of the IMF Mission to Belgrade, from 29 April to 13 May, on the occasion of the first revision of the arrangement with the Fund," said Vujovic.

Vujovic expects the EPS' restructuring program to be in front of the government for decision-making by the end of April and to come into force on June 1, so that the measures would be implemented on time in accordance with the program adopted together with the IMF, noting that the original agreement with the IMF, which provided for such measures to be implemented on April 1 - turned out to be unrealistic.

"All these measures require at least a month from the moment of making the decision until coming into force," said Vujovic and added that the restructuring program of EPS includes long term measures, in order to be achieved a more efficient electricity production, a better level of collection of electricity bills, a lower level of technical losses and more efficient management.

"As you know, Serbia has the lowest electricity price in the region and our aim is to keep it that way, but to keep the lag not as big as in the past," explained Vujovic.

At the insistence of journalists to answer when the decision on the new price of electricity will be made, Vujovic said that there are rules for making the decision to increase the price of electricity, and it is made by the Government of Serbia or the Ministry of Energy, or by the EPS and that the proposal goes for the consideration to the regulatory body, which makes the decision about it.

"So, the moment when the decision is known, 30 days will pass before coming into force," said Vujovic.

"In the case the price increases, due to the changes in some of the fiscal instruments, for example, excise duties in line with EU standards to introduce excise duty to the price of electricity, than the change of the Law on Excise Tax has to be adopted, which requires at least 15 days from the day of government's decision on this. This is followed by consideration of amendments to the law in the Parliament of Serbia, and then eight days until the effectiveness and then the application from the first day of the following month ... These are the measures that require at least 30 days before entering into force, and usually 45 or more days, "explained Vujovic.