

The title paraphrase precisely describes the process of the endless privatization of EPS. The costs of the constant tension between the privatization orders of Western financial institutions and the government’s reluctance to give up an important clientelistic resource are paid by the people, who convince themselves with each new round of price increases that Serbia has the cheapest electricity in Europe.

In Serbia, the new electricity price will enter into force on the first day of the New Year. The current price managed to last for four whole months. Previously, the September price increase was 8.3 percent (a 6.5 percent increase plus taxes and excise duties), and on that occasion, the price of compensation for renewable energy sources was also increased. The New Year’s price of electricity will be higher by another eight percent, and they call it a “correction”, which is a common euphemism for a price increase, because no one remembers “corrections” in the reverse direction. Like the previous price increase, as well as many other electricity price increases in previous years, this is also followed by headlines that repeat the government’s mantra: In Serbia, the price is among the cheapest in Europe.

### **“The cheapest electricity or among the cheapest”**

If we look back at the texts that accompanied these price increases, we will see a striking similarity; it is always insisted that, despite the “corrections”, citizens of Serbia have the cheapest electricity. Although there are still politicians in power who use this wording, part of the media had to modify it a bit: it is now among the cheapest.

In accordance with the usual creation of a smoke screen, there are also those who claim that both of these statements are correct, and that is because the price of electricity itself, if VAT and excise duties are not taken into account, is the lowest, but when budget levies are added to that, and then the inhabitants of Serbia pay more than the inhabitants of Turkey, Bosnia and Herzegovina, Montenegro, Macedonia, Albania and Hungary, as well as Kosovo, which the media in Serbia regularly keep silent about.

Nevertheless, the argument of comparative cheapness will not disappear so easily from the propaganda corpus of the system, no matter how much the average inhabitants do not feel the advantages of the low price, because of its unenviable standard above all.

### **Social category**

The price of electricity in Serbia officially fell into social categories. This was primarily possible in terms of infrastructure, because by using the enormous hydro potential of the Danube in the two systems of hydroelectric plants Đerdap I and Đerdap II, Serbia produced enough electricity to cover its needs as well as for export, even during the dark nineties of the 20th century when Serbia, due to international sanctions, the collapse of the country and the war did not invest anything in infrastructure.

In the previous decades, thermal power plants also had a huge share in the production of electricity, but this, in accordance with the new environmental policy, is a resource that cannot be counted on for much longer. At this point, we must look back at last year’s

scandal, which was caused by the disproportionate pollution caused by the Nikola Tesla Thermal Power Plant (TENT) in Obrenovac.

TENT is the largest thermal power plant in Serbia and is still state-owned. In the context of the party’s management of social resources, this means appointing loyal and suitable personnel, which often leads internal party politics and creating a balance between different interest groups.

In this way, Milenko Grcic, who was not qualified in any way, came to the head of the largest thermal power plant, who managed to create such scandals that under his management there was a rapid increase in microparticles and the thermal power plant itself experienced a kind of collapse. His management of TENT was so scandalous that, unlike some other officials, he was not only dismissed, but also prosecuted, because his superior ministry charged him with two criminal charges, which the court nevertheless rejected. In the coming period, Serbia definitely expects more serious investments in infrastructure, partly due to its dilapidation, partly due to environmental standards, and partly due to the destruction of some of the capacities, which is directly caused by bad and clientelistic management.

### **Who sets the price?**

If it was not clear before, the price increase from 2015, which was already written about in this same place, showed that the price of electricity is more or less under the direct responsibility of the IMF. Studying the structure of the economy and the social situation in Serbia, the IMF officials concluded that the budget deficits and deficiencies are best filled through the price of electricity. At that time, they presented the Government of Serbia and its then Prime Minister, and the current President, with a program that included a change in the legal procedure to make a 15 percent price increase possible.

The structure of that price increase was interesting: 7 percent would go to Elektroprivreda, and 8 percent would go directly to the budget. After several months of procrastination and negotiations, electricity did not go up in price by 15, but by 12 percent. The difference of three percent is actually a measure of the influence of local factors on the current price of electricity.

That moment marked the end of treating electricity as a social category and its transition to the sphere where citizens, through existing taxes, directly fill the budget in order to meet the criteria of the IMF, and not to return these funds to the society that desperately needs them.

In the previous, still current, September price increase, it is easy to see traces of another international financial institution, namely the European Bank for Reconstruction and Development (EBRD). In the context of the current energy, economic and war crisis, the commanders of banking units active in Serbia call for savings and energy efficiency, but also large investments that should overcome the existence of thermal power plants.

In fact, between the lines of the conference “Financing RES (renewable energy sources) from the point of view of leading banks and bankers” you can see the announcement of privatization activities in this field. Above all, what the bankers insist on is to understand that the low price of energy is behind us. Those who pay for electricity in Serbia and do not belong to the thin layer of the privileged could speak much better about this.

According to everything that can be seen, the price of electricity in Serbia would certainly increase, regardless of the crisis caused by the war. There are two reasons for this: the first is the replacement of old technology that used fossil fuels, which in Serbia most often means coal, and the second is that for the past seven years, electricity has become an inexhaustible source for filling the state budget.

### **From profit to loser**

Serbia has already survived several waves of announcements and attempts to restructure the electricity industry system. The biggest complaint, from the point of view of the ruling political-economic paradigm, is that the system is still cumbersome and unprivatized.

Members of that school of thought believe that the decades-long positive balance achieved by that system is a consequence of its, as they consider, “monopolistic” position.

Various scenarios for privatization have been under consideration for years, some reorganization steps were already taken in 2014, but more as preparatory actions because the changes that were supposed to enable private distributors to purchase electricity from producers and later resell it to end users have not yet taken effect.

The most likely reason for this is precisely the possible complication of the inflow of funds already included in the budget. And, of course, the interest of the rulers to have complete control over staffing among the managers of the electricity industry should not be underestimated either.

Also, an important feature that should not be underestimated is the position of cash cow for the various sponsorships that EPS currently has and which are obviously decided outside the circle of the business entity itself. The idea of privatization comes up from time to time as a reminder that it has not yet been implemented. Bad management, which includes carelessness about the condition of the structural elements of the system, endless waste of funds through deals with tycoons and powerful people like Dragan Marković Palma, who has an exclusive contract for transporting coal within the EPS system, led to the fact that the only producer and distributor of electricity in Serbia begins to realize bad business balances. In addition, in recent years, Serbia has moved from the category of exporter to the category of importer of electricity.

### **Stories about privatization**

Everything related to the privatization story looks like a coordinated disinformation campaign, which is not taking place under the brightest media spotlights, because that place is reserved for the endless saga of the reckoning between the Belgrade authorities

and the Pristina authorities. Needless to say, the story of privatization started after the “pro-European” forces came to power.

In the currently heated events in the north of Kosovo, even the information about the new price increase went unnoticed, because there is no place for social issues in mainstream politics. The so-called opposition prefers to deal with issues that correspond to the government – Kosovo, laws and procedures instead of the life needs of society.

Therefore, it cannot be said that the media and politicians keep this topic hidden, but it is far behind Kosovo, party fights, the issue of the “fifth frequency” or the world championship in football and other major sports events. Thus, among second-rate news, one can read various news, announcements, forecasts that change as needed.

Here’s how it looks in practice, taking into account only this year’s news: first, in June, there was news that the government was considering “possible privatization models”. Then, the next day, the then minister denies it. Then, this month Prime Minister Brnabić came out with the claim that there will be no privatization, but that reforms are necessary. Then, next week comes the news that EPS is turning into a joint-stock company, but it is still not considered privatization.

If it had been possible to privatize EPS in the past twenty years, it would have already happened. But the union’s resistance – and as we have seen, the fact that such a large business entity can be a golden hen for the needs of the budget and its managers – made it so that it has not yet come to pass. The privatization plan has not yet been implemented to the extent that it was originally conceived, but it is obvious that it is not being abandoned. The government itself is buying time, as in 2015 when they received a decree on price increases from the IMF. This is their only power, and in many matters, their only tactic. During that time, their ill-intentioned and party-appointed cadres directly affect the destruction of the electricity industry system, which already appears as another argument for privatization.

Also, we had a kind of curiosity about this issue: the Supervisory Board of EPS itself adopted a proposal to change the legal status that came from the company itself. Such things only point to a coordinated action that was supposed to calm the public first, and to make everything seem easy, fast and necessary at the right time. Unfortunately, in the Serbian public at this time, due to the new round of Kosovo tension, there is no room for studying the depth and absurdity of such episodes as this decision of the NO EPS.

No matter how fast the privatization goes and in no matter how many stages, the inhabitants of Serbia in the coming period can continue to expect frequent price increases with different excuses: war, reforms, market, general interest. Only one thing is known – electricity and its price are an inequality in which it is known only who will pay for all plans and undertakings.

Those who are expected to pay will do so as they are asked and as long as they can, until

Serbia, “It’s like they want to privatize EPS, but we don’t give it to them”

they realize that they have no allies either in political parties or among foreign powers anywhere in the world. The only allies of all those who are grunting every day in the ever-increasing costs of life and its ever-increasing weight are their neighbors who are in the same or similar situation, and there are most of them, Bilten writes.