



For any state, the achievement of energy potential means the creation of new values – new investments, jobs, higher revenue in the state coffers, debt reduction, energy security increase, poverty reduction – these are only some of the benefits which can be counted upon after the implementation of large infrastructural energy projects.

In the 21st century, on the basis of the BAT concept – the best available technology –environmental impacts of energy facilities can be reduced to minimum. Thus, there is not much room for obstructing energy projects and contesting the country's potentials, under the pretext of environmental protection.

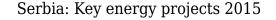
The energy and climate policy pursued within the EU, and to which Serbia is adapting within the Energy Community, has enabled us to better estimate and evaluate the potential of renewable energy resources – water, sun, wind. It has turned out that Serbia uses renewable resources to a significant extent but that there is also a large unused potential which could be turned into heat and electricity, which would have a market value. The tendency is that this value will increase with time, as the electricity price in the region is equated with the economic price and as it stops being a social category.

Considering that Serbia cannot count upon the discovery of significant sources of natural gas or oil, such as the countries from the region that have access to the sea and who have high hopes precisely for the development of these potentials, the only remaining possibility is to use the existing and available resources – primarily coal and renewable resources, including hydro capacities – in the most efficient and rational possible way.

In the energy sector, long-term planning is necessary, because investments are demanding, both in terms of time and of finance. The failure to adopt a strategic document, (Energy Development Strategy) and slow reforms in energy companies (EPS and Serbiagas) are halting the investments so a large number of projects is on hold. One of the most important is the gas interconnection Sofia – Dimitrovgrad – Niš, for which the project documentation has been finished and the EU has declared this project a priority in terms of gas supply diversification.

The projects within the renewable resources sector, such as dozens of small hydro power plants, the location for which was allocated in 2013, are facing the problem of a serious delay. The situation is also similar when it comes to wind energy – in spite of the 14 issued wind farm permits, which could produce 1.300 MW of energy, Serbia still does not have any wind farms.

Encouraging signals are coming in terms of the development of cross-border electricity transmission capacities, such as the 400 kV interconnection Serbia – Bosnia and Herzegovina – Montenegro, which will be a part of the future corridor between central Serbia and Italy, together with the planned submarine cable Montenegro – Italy. ENTSO-E (European Network of Transmission System Operators) has included several Serbian projects on the list of priority projects, among them the double OHL line Sofia West – Niš 2





and the doubling of the existing 400 kV interconnection Derdap - Portiele de Fier (Romania).

One of the most important energy projects in Serbia is the construction of the power unit B3 in the thermal power plant Kostolac. The loan for the plant construction should be activated at the end of July, after which project implementation will begin. The thermal power plant Kostolac B3 will have the capacity of 350 MW and the value of the project, which also includes increasing the capacity of the mine Drmno, amounts to 715 million euros and it is financed through a loan of the Chinese Exim bank. This will be the first large power plant built after more than 20 years.

We are witness to a large number of energy projects being implemented or planned in the entire region, these projects having two objectives: one is to increase energy security, whereas the other, even more ambitious, envisages the transformation of several countries that are traditional energy importers, into net exporters. It is not hard to guess who will be in a better position in the future regional energy market – the countries which have made long-term plans and invested in the energy sector, or the countries which, under pressure from financial, administrative, political, legal and other issues, have been postponing the necessary investments.

The founding of energy exchanges throughout the region, market coupling, implementation of cross-border interconnections, create preconditions for the generated energy to be able to find the way to the end buyer at any moment, i.e. to achieve the market value. Despite the delayed implementation of several key projects, Serbia is still a few steps ahead of the countries within the region which are striving to cover their deficits in every way (Croatia, Montenegro, Macedonia, Albania), so that they could less rely on the import in the future. This initial advantage should be used, with a broad social consensus with respect to the necessity of long-term planning and investing in the energy sector.