

Regardless of reasons and after all big announcements of strategic joint venture partnerships with energy giants from EU, Serbia dropped the chance in previous years to start large investment projects in the energy sector, launch the economy and take advantage of a central position in the region to become an energy hub.

Ambitious plans and announcements of investments in the energy sector of Serbia amount to billions of EUR and the opening of thousands of jobs and – they are still waiting to start their implementation. It is difficult to enumerate in just one newspaper article the memorandums and contracts signed with investors in the energy sector in Serbia in the last 10 years, but started projects can be counted on the fingers of one hand.

“Nothing happens; obviously the problem is the general lack of money. We are waiting for better times”, says Secretary of the Serbian Chamber of Commerce for Energy and Energy Mining, Ljubinko Savic. He warns that the shift of deadlines for the projects realization in the energy sector also entails more years of overdue for inserting new drives in the system. An example that all the opportunities have been missed is the project of building a new thermal power plant “Kostolac B” for which was signed a loan agreement with the Chinese Exim Bank at the end of 2014th. This will be the first large capacity to produce electricity, which will be built in Serbia after 30 years. The construction of a unit of 350 MW should begin a Chinese company CMEC this year, has also done the revitalization of two existing units in the same thermal power plant.

What remains after love?

Energy project, of which Serbia expected the most, the South Stream pipeline, was canceled in December 2014th by the decision of Russia because of disagreements with the EU. The construction of the South Stream Serbia should have brought two billion EUR of investments, so that at the end from the small consumer we become a regional node with annual revenues from transit fees of at least 200 MEUR. With South Stream also collapsed the idea of building four gas power plants in cooperation with Gazprom. Serbian disappointment is probably best described by the statement of the Minister of Energy and Mining Aleksandar Antic, who, speaking on the South Stream, said that “Serbia can no longer be in love with any project”.

“Serbia has no alternative to South Stream. We have to wait for the partner countries for other projects that would enable new sources of gas supply route to Serbia. Some things do not depend only on Serbia. It is not just about money, but also about political relations and geostrategic interests in the world”, says Savic. Serbia as a member of the Energy Community, but also in the context of the development of the entire region, according to him, has responsibilities for energy development.

The Energy Community has included a number of strategic projects in Serbia in the Regional energy strategy from 2013th, including the completion of the thermal power plant “Kolubara B”, the third unit building of the thermal power plant “Nikola Tesla B” (starting in

2014th), hydro projects on the rivers Drina, Velika Morava and Ibar which should bring “green energy”. None of these projects have been under way...

The Electric Power Industry of Serbia with the German company RWE Innogy founded in 2011th the company Morava hydropower plants with the intention to build at least five hydropower plants on the Velika Morava River, with a total capacity of around 150 megawatts. The investment is estimated at around 352 MEUR, but is still not certain when it could start to operate. According to the Agency for Business Registers, a company in which German partners has a 51 percent stake, has a capital of 440,000 EUR, but a net loss of 215,000.

Following the same model EPS founded the company in 2010th with the Italian company Seci Energy for the construction of 10 cascade hydropower plants on the Ibar River in the amount of 285 MEUR, but this stands.

On the list of unfulfilled plans also is the investment of about 600 MEUR in the reversible hydropower plant “Bistrica”, with four generators of 170 megawatts. EPS has signed a memorandum on joint work with the Austrian company “Andritz”, Chinese- Canadian consortium “Lavalin Nuclear-China” and Chinese company CWE. Expert teams of the Chinese company, which last year opened a branch in Serbia, have repeatedly visited EPS and the Drina-Lim power plants where they completed technical and commercial offer. The plans were that after four to five years of construction, this hydro power plants be connected to the grid in 2019th or 2020th, but a partner with which the job would be realized has not been chosen yet, nor the issue of financing has been resolved. The hydropower plant “Bistrica” is, otherwise, one of the projects necessary for the construction of wind farms, as it would provide necessary electricity for system balancing.

It looked so easy

Serbia has assumed obligations under the Energy Community Treaty and the EU to increase the share of renewable energy in final consumption from 21.2 percent to 27 percent by 2020th. That goal seemed like the easiest attainable because except large hydropower plants Serbia did not almost use potential of biomass, wind and solar energy. The National Action Plan for renewable energy from 2013th anticipated to meet the goal with participation of electricity sector by 36 percent, heating and cooling by 30 percent, while transport sector would contribute with 10 percent. The plan in the electric power should be fulfilled by building 1,092 megawatts of new capacity for the electricity production, and according to the available data so far has been installed capacity of 34 megawatts.

The construction of wind farms with capacity of 500 megawatts supposed to fulfill almost half of the plan, but investors still remain hesitant about beginning construction. The stumbling unit is the model contract for the electricity purchase, which, as they say, does not allow obtaining bank loans.

Hydropower development supposed to be increased on the basis of a public call of the

Ministry of Energy for construction of mini hydropower plants. 450 locations for construction have been offered to the investors during the past two years. In the first call in February 2013th from 317 locations were signed memorandums to build 212 small power plants with 90 investors. After the second announcement the applications were submitted by 74 investors for 106 locations (from offered 143) and the interdepartmental commission has proposed to sign a memorandum of understanding with 40 investors for 79 locations. They also announced the construction of 100 small hydropower plants in 2014th, but in the middle of 2015th, there is no kilowatts produced in these facilities.

A new chance to turn things around could be the most recent announcement from the Government of Serbia on increasing the investment in infrastructure and expansion of EPS in the region. The investment even could more numerous due to the approximation to the European Union - because of the close correlation between environmental protection and investment in the energy sector.

At the beginning, we should wait for a new national strategy for the energy development. Specifically, the one adopted in 2005th expires this year, and the new energy that would determine the priorities until 2025th has not been adopted yet. The draft strategy adopted by the Government in early 2014th was withdrawn from parliamentary procedure after the announcement of parliamentary elections last year

Too sunny

One of the controversial projects in the energy sector of Serbia was the contracted investment of US Company Securum Equity Partners to build a solar park in Serbia, and the biggest in Europe, of 1,000 megawatts. The umbrella agreement was signed in October 2012th, when it was announced that will be invested 1.75 billion EUR. The Government of Serbia should provide 3,000 acres on which the solar panels should be set up. The investment has not been realized, and the company sought indemnity from Serbia of 160 MEUR in 2013th for alleged failure to fulfill the contract obligations. In the end, it gave up the dispute. , transmits Serbia-energy.eu