

Serbia and Montenegro are unlikely to start formal negotiations to couple their day-ahead electricity markets before September, Serbian exchange SEEPEX's chief operating officer Dejan Stojcevski has told ICIS.

This implies there could be delays to the initial deadline for the project to be realised, which is still set for early 2018.

The main problem is that Montenegro does not have an exchange yet.

When the plans for market coupling between the two western Balkan countries were announced back in December, SEEPEX suggested that Montenegro become a shareholder and use its platform (see EDEM 7 December 2016). This was considered the preferred solution given the relatively small size of both markets.

However, Montenegro is currently preparing to set up its own exchange, the country's economy minister Dragica Sekulic said in an interview published on the ministry's website last week.

As founders of the new exchange state-owned utility EPCG, grid operator CGES and market operator COTEE have already taken some initial steps such as putting together the initial capital, electing representatives of the board of directors and approving an agreement for the formation of the company.

But the exchange has not been officially registered as a business entity yet and Sekulic did not provide a specific time-line for when this will happen.

"I do not expect any negotiations [on market coupling] before September," Stojcevski said, citing the delay on Montenegro's platform.

Nevertheless, Sekulic acknowledged the importance of market coupling in order to integrate the whole region as part of the Energy Community plans. She also pointed to recently implemented laws and by-laws in Montenegro's legislation which pave the way for market liberalisation.

Six western Balkan countries have committed to the Energy Community to couple their electricity markets with at least one neighbour by mid-2018 as part of what are termed the "energy soft measures".

Montenegro-Italy cable

Montenegro has a key position in the Balkans due to the launch of a 1GW undersea power cable with Italy, expected in 2019.

The cable will give the non-EU countries in the western Balkans direct access to the more developed western markets.

The cable should boost liquidity on Montenegro's planned exchange, according to Sekulic.

The Balkans is expected to be exporting towards Italy most of the time but reverse flows will also occur in some periods.

The cable will eventually also facilitate market coupling with Italy.

Source: Icis