

It is necessary to separate activities of gas transportation and gas distribution for the benefit of Serbia's gas sector and there is a lot of resistance from the management of the Srbijagas company regarding the restructuring process, said Serbian Minister of Mining and Energy Zorana Mihajlovic. Minister Mihajlovic said that the documentation for the long overdue restructuring of state-owned gas company Srbijagas is under preparation. She said that reforms of the gas sector could bring profit and accelerated investments in gas infrastructure. Minister Mihajlovic also stressed the importance of completion of Serbian section of TurkStream gas pipeline extension, as well as the construction of gas interconnection with Bulgaria.

She concluded that reforms are needed both in Srbijagas and power utility EPS, the two companies with huge opportunities for growth and increased profitability.

Director of Srbijagas Dusan Bajatovic said last year that the unbundling of Srbijagas will be completed by October 2020, thus creating conditions for free competition on the natural gas market. He reminded that the company has already transferred the gas transmission business into subsidiary Transportgas Srbija, which started operations in October 2019. Srbijagas will also unbundle the distribution activity and the company Distribucijagas Srbija was established in 2015. According to estimates, there should be four distribution zones in Serbia, which will cover all consumer needs. After the distribution, the gas supply activities will also be unbundled, Bajatovic concluded.

The restructuring and unbundling of Srbijagas is a precondition for the opening of Chapter 15 - Energy in Serbia's EU accession talks and this precondition should be fulfilled by October 2020. The Serbian Government and the Energy Community agreed on an action plan for the unbundling of Srbijagas in February 2015, according to which, the company should establish subsidiaries for the operation of the country's gas transmission and distribution systems later that year. However, in 2019, the Energy Community said that Srbijagas continues to be engaged in both supply and transmission as the two subsidiaries are far from being independent system operators.