

It is clear that the significant part of the job of splitting the supply and the distribution activity was done well, due to the fact that the Company “EPS Supply” has commenced operation and obtained the public supplier license.

Despite stalling, fear and resistance which followed the process of splitting the supply and the distribution activity in the “Electric Power Industry of Serbia“, the splitting has been successfully carried out. The success reflects in two indisputable facts. The first fact is that the new Company “EPS Supply” started working on 1st July this year, and the other fact is that the Company obtained the license for the public supplier of electricity in the Republic of Serbia the same day. This was the statement of Životije Jovanović, the Deputy Director of PE EPS, given in our interview. We talked about preparations for continuation of opening of the internal electricity market in Serbia and the initial capability/ disability of suppliers and operators of distributive system to accept new obligations.

The foundation for establishing new market relations has obviously been laid when “EPS Supply” started work. However it wasn’t understood well in public. The Media only talked about the queues at counters because of two bills, issued to the customers for the July consumption.

But, the queuing problem did not happen at all counters of all power utilities. On the contrary, in most public utilities everything was in order, without queuing, turning the customers back or referring them to other addressees. My impression is that the disabilities which caused us some difficulties in the initial period weren’t so big as one might get the impression based on the image of the media. Above all, they ensued from the fact that Managements of the distribution companies saw that job as secondary, after the splitting the activities. They acted as if it weren’t their concern any more. I realized that after I heard some statements.

It seems to me that they no longer see the charging for consumption and the relations with the customers as a priority, because as “a network” they have a network fee and they must take care of electricity losses only. However, all the employees who perform supply activities still work in the company for distribution and should continue doing so, because the Company Power Utility has signed the Service Level Agreements (SLAs) with the public supplier, which are clearly binding on them. Furthermore, the entire EPS, as well as the distributors themselves depend on the billing for the delivered electricity.

To what degree the unprepared organizational foundation for the commencement of “EPS Supply” operation influenced this attitude in the power utilities, having in mind that this company has its future base structure incorporated in the trade departments for distribution?

Here, we must go back to the activities happening five years ago. Although the then Energy Law didn’t oblige us to do so, EPS started the preparations for the future open market, after the signing the Agreement on the Energy Community for South Eastern Europe, where the

EU directives on opening of internal market and isolating the distributive system operator activities from the trade and supply. The subject matter was discussed, analyzed and estimated to the point that we prepared the scheme of the new organization, the possible number of employees in the supply, proper equipment of the new parts and defined future relations between the operator and the supplier.

In January last year, we suggested to the Managing Board of EPS to make a decision on splitting the supply and the distribution, but without making the official separation. We intended to introduce the activities which would actually start within the timeframe according to the Law, i.e. on 1st October 2012. That proposal has not been accepted by the Managing Board, so the activities were stopped.

Looking at it now, after some time has passed, was that decision made due to precaution or learning from the experience of others?

I think the reason was that the people who were managing EPS and public utilities at the time were not ready for having this work done. Lots of them thought that the separation would never happen, despite the fact that the deadline for the separation was set by the Law. The preparations for the separation were additionally decelerated last autumn, because the new management needed time to assume duty. When the new management raised this issue again, the dilemmas like “whether it should be done or not” appeared. I thought then that we would have problems and serious difficulties in the work performance. It was indicated by the experience of western electric power industries, such as ČEZ, for example, which after separating the operator from the supplier had a drastic drop in charging, from a bit less than 100 % to even 40 %. Fortunately, here, despite the initial disorientation in some companies for distribution and criticisms received last month, we didn’t have such or similar drop in electricity charge. In July, which was the first month when the “EPS Supply” started work and for which it issued first bills, the charge amounted to 62 % of invoiced realization, and more than 80 % of the billing task. Although the percentage is a bit lower than the one achieved last year and in the first half of this year, it is a success.

What is the most important thing that should be done so that “EPS Supply” could keep on working with as less difficulties as possible, regarding the communication with the customers?

Our plan is that “EPS Supply” completes the consolidation by spring next year, according to planned organization and systematization of works. Employees that have already performed these jobs in EPS will come to work in this company. First, the power utility team leaders will be elected, which will form the organizational units in the company and the branches. It has been decided that the branches of the Company “EPS Supply” would be in the headquarters of the current companies for distribution (Belgrade, Novi Sad, Kraljevo, Kragujevac, and Niš). During the branches’ formation, business cooperation between the

supplier and operator will be improved as much as possible, according to already signed agreements, in order to provide complete answers to the customers for every question asked. We must do everything so that within the new organization both the supplier and operator change their relation with the customers and that the customer doesn't suffer from the splitting of activities on a distributive level. I believe we will achieve our goals when both the supplier and operator start working with full capacity that implies the market business.

You talk about one operator and one supplier. Does it mean that the current five companies for distribution won't be simply transformed into operators, and that they will be unified into one legal entity?

It is well known that in the Company Power Utility there were some opposition to forming one supplier and that the idea of forming five suppliers and five operators in the distributive system was also under consideration. New management of EPS and the Government thought that forming one operator and one supplier was a better option. Distributors were seriously against that idea, and the Managing Board of EPS supported them. Due to this fact, we formed one public supplier with great effort, concluding that the existing power utilities will continue to work as operators of the distribution system until some new decision is made. I personally think that this solution will be implemented in a year, not longer. After this period, the solution according to the set conditions must be found, and at the moment our conditions are such that AERS, due to different development of power utility systems, approved different network fees for some consumers. Those differences are now being leveled within EPS for the buyers connected to public supply, but when in the open market since January 2014 there are medium voltage electricity buyers besides the current big ones, the harmonization of the power distribution costs will not be so simple. The issue of number of operators in distributive system will appear and in addition to this fact I would like to remind you of the conclusion of the Managing Board that the distributors shall continue to work as operators of distributive system in the following period.

EPS Overview

- There was an opinion in public that the splitting had been badly done and that the buyers faced difficulties which they hadn't had before. I admit that a major problem was the overpayment transfer from one Company's account to another. Strictly observed, the customer is the one who must give an order for his overpaid funds to be transferred or to raise his money. It could have been solved immediately by transferring the money on the supplier's account, from which the buyer could raise the money again if he wanted, but we respected the law and a great number of buyers had to wait in queues. To your question whether the buyer will address a supplier or an operator, I can say that the most important is the supplier, to whom he pays the bills and to whose counter he comes. But the operator should not be neglected either, because the reputation of EPS and its profit depend on the

good work of both the supplier and the operator
- Mr. Jovanović pointed out.
Source ; EPS Kwh