

Practice has shown that it is difficult to establish the balancing market reflecting the real market situation, because in almost every case there is one or more dominant participants and lack of competitiveness – is the conclusion of the paper by Dejan Stojcevski, Nebojsa Lapcevic and Ivana Milenkovic from JP Elektromreza Srbije at the 32<sup>nd</sup> Conference CIGRE. As a solution to this problem, the European Union has launched the initiative to establish a single internal balancing electricity market by introducing a binding Regulation and Network Code on Electricity Balancing.

The first step is the introduction of regional balancing markets in order to provide a reliable and safe supply of consumers, standardization of products, increase competitiveness and reduce balancing costs. JP Elektromreza Srbije as part of the control SMM (Serbia, Macedonia, Montenegro) regulation block has a good base to fulfil obligations within a short time frame under the Network Code on Electricity Balancing and get involved equally into the establishment of a single balancing market.

Network code on electricity balancing is in force from July 2009 and applies to all countries of the European Union and the Republic of Serbia on the basis of a Decision of the Ministerial Council on the implementation of the Third Energy Package, which includes this Regulation. Balancing electricity market is part of a comprehensive wholesale electricity market on which transmission system operators are buying balancing services in order to maintain the balance between production, exchange and consumption of electricity in real time. The first step in establishing a single balancing market is the transition from national to regional balancing market by creating Coordinated Balancing Areas, allowing each transmission system operator to form at least one coordinated balancing area comprising at least two operators in different countries.

Not later than four years from the Network Code effectiveness, all the transmission system operators using the reserve for frequency renewal with manual engagement must implement the regional model for the reserve for frequency renewal with manual engagement. Three years after the entry into force of the Network Code, is the deadline set for transmission system operators to comply with main features of the discrepancies calculation and discrepancies pricing.

The current state of balancing electricity market inside Serbia's control area shows that, as in most European countries in the initial stage of market opening, there is a dominant participant, JP Elektroprivreda Srbije, which in our case has all balancing entities. To resolve this problem, restrictions imposed for the dominant participant should limit its large influence on market behaviour, as well as the clear and transparent pricing rules for settlement prices and engaged balancing energy prices in Serbia.

In addition to the technical and organizational challenges that should be addressed during the implementation of the model, the biggest obstacle will be to harmonize the regulatory framework allowing full implementation of the Network Code for Electricity Balancing on a



## Serbia: Obligations stipulated by the network code on electricity balancing and their application inside Serbia's control area

regional level, transmits Serbia-energy.eu