

Because of the waiting for the Business plan, all repairs, except those which are financed by loans, are late for a month period. - After a long time, in this season of repairs, EPS has entered without burden of debt from previous year. The Serbian government has given approval to the Annual Business Plan in PE EPS in 2014.

We asked, among other things, Mr. Vojislav Škundrić, Director of Maintenance Sector at the EPS Department for the energy generation, if it meant that they could start the activities for the implementation of the yearly repairs in the power plants, with whom we also talked about the opportunities to make up the lost time, about the necessity to plan repairs two years in advance, especially on improved financial conditions for the performance of the repairs in the current year.

Mr. Škundrić said that regular maintenance activities could begin in the full extent, i.e. repairs with inward performance, and to prepare those following repairs, which had to start later in the current year. I must point out that some activities took place so far, but they were limited, that is, in terms of the Public Procurement Law (PPL). In fact, it concerns only that what is financed from foreign loans and what was envisaged by the Rebalance Plan for the 2013. It is about the subsequent investments that require long delivery periods of equipment and their parts. When we perceive the limitations imposed by the new PPL last year, we realized that the proper preparation of many activities planned for this year will be possible only if the public procurement of these jobs starts already in the 2013. That's why we needed the Rebalance Plan, which was, unfortunately, delayed, and did not meet our requirements to the full extent. However, the public procurement by the Rebalance Plan has been started, though belatedly, and it is all for now, with exception of operations that are financed by loans. Now there is a wide range in front of us, and we have to do our best. While we were waiting for the adoption of the Annual Business Plan for 2014, some persuasions were heard that some capital repairs would be finished, in spite of some delays, as planned. Is EPS Department for Power Generation also convinced of it?

What level have the repairs reached during the ABP adoption?

As I have already said, we have planned to start the procurement for all activities with a long phase of preparation in September 2013, or a little bit later. The special teams of experts are formed who have prepared procurements for such activities with great effort and efficiency. The Tenders prepared of that way were launched at the beginning of January this year. The procedures are in the course of preparation, but it is already middle of March, what means that the preparations are late. We expected the ABP to be adopted at least by the end of January, so that we could prepare those activities with shorter preparation terms, by the beginning of the repair season (1<sup>st</sup> March). We find ourselves practically at the beginning with all these activities.

If it could not be started with that what was financed by own means, would the result be negative for the availability of financial means for the next period?

After the very successful last year from financial point of view, we expect that EPS could have enough financial means for planned activities, also including its own obligations for those repairs which are dominantly financed by loan. After a long period of time, we enter this repair season without debt burden from the previous year, which is mostly settled. If supplies of water at the power plants profiles would be at the approximate level, we would have enough production and income, and according to this the financial means for repairs. Some financial losses will be continued because of the reasons previously mentioned, but their expected scope will not exceed a few percentage of the budget which is planned for repairs.

Are some lacks of clarity concerning the Public Procurement Law cleared and to what extent, and are the possibilities become smaller for agreed break down of tenders, what is the main problem which EPS has to cope with, on the level of its all activities from year to year?

There is no lacks of clarity concerning the Public Procurement Law. Our experts know how to perform the Procurement Law Proceedings, and that is going to be done strictly according to PPL. Your second question does not concern EPS, but the Administration of the PPL. We have addressed many times the State Authorities and ask them to protect us to this effect, and with suggestions how it should be done, although we should admit to ourselves that we often opened the space for some of these misuses with our clumsiness and not enough precise claims. Good defined tender documentation can preserve majority of such manipulations, and that is EPS should concentrate on. Let the state do its business.

How many others repairs are planned and maintenance also?

PE EPS avails with 52 hydro aggregates, including also PAP "Lisina". Prolonged repairs are planned for seven aggregates: A1 in PP "Djerdap 1", A9 and A10 in PP "Djerdap 2", A3 and A4 in PP "Vrla", A1 in PP "Vrla 4" and A1 and A2 in PP "Piro". For the other 42 aggregates is planned standard, small repair. In the Thermo-Sector two prolonged repairs are planned: PPNT A Unit A2 and TPP "Kostolac A" Unit 1. For the other 12 thermo-units we will perform standard, small repairs. Maintenance of the plants with time duration of three to seven days is not planned in the fixed terms, but they will be performed upon request of the TPPs when needed, i.e. to solve some problem in work.

Does the Repair Plan envisages the partly mitigation of the last year negative effects of the postponed shortened repairs?

It was obvious that our last year evaluation about the solid state of the plants and their capabilities to "get over" the winter season was correct. The year behind us, including the winter season, was over, without greater problems, and with performed record production. Although we did not have greater repair activities last year, parallel with the routine activities of standard repairs, we were following the function of all plants carefully, performing measurement and control, recorded everything suspicious and acted

immediately when needed.

Plans for this year include first of all greater works that were planned for the previous year, and had not been done yet, works that were recognized as last year priorities, and at the end the works that are in accordance with our mid-term plan.

What are the accompanied risks for the season of repair activities?

We can start from the risk that is behind us now, and it is repairs preparation which is not performed in time. It is very complicated to envisage 18 months in advance, what has to be done for the next repair. Based on the experience of this year, we realized that we have to find the way how to plan great works, even two years in advance, because of the forced circumstances. And that is extremely difficult.

Malfunction risk

- In this year the malfunction risks due to lacks of financial means for paying of the performed works are minimized. Therefore we do not expect any difficulties with this matter. There are always, of course, technical risks, i.e. unexpected malfunctions of the plants. We do our very best to keep it under control, and to envisage and prevent malfunctions by measurement and monitoring. However the possibility for malfunctions of some part in the plant always exists without any previous warnings. Then, according to present circumstances, arise great problems, EPS has to cope with. Spare parts and services for such failures cannot be envisaged by the Procurement Plan, so we have to ask Administration for Public Procurement for special approval for these procurements, what they do unwillingly. It would be very helpful if we could have some limited amount for "unplanned" in our Repair Plans, but now it is not according to Law. At last, risk of capital repairs works to be prolonged and not finished before winter, because of realistic, but unforeseeable reasons, are always present. In this case we would be forced to import electricity, what is financially a very unfavorable option - said Mr.Škundrić.

Source; Serbia Energy