

Serbia: Power companies restructuring, case studies of GazpromNeft NIS and EPS power utility company

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If we make a literal parallel between the "Electric Power Industry of Serbia" and "Petroleum Industry of Serbia", although it is essentially impossible because, after all, these are two different companies, and although both are energetic, differences are large in the type and mode, it would turn out that about half of workers in EPS are redundant.

The arrival of the Russian company "Gazprom", which is the majority owner of the national oil company, the number of permanent employees in NIS is significantly reduced: now there are about 5,000 instead of the former 12,000, and NIS as a loser company than now is profitable, in which continually is invested in new technologies and development, and also new markets. However, the number of those who work in NIS, or, more precisely, for NIS, has not been much changed since with the permanent employees there are another 6,000 people, or a total of about 11,000 who are engaged through various forms of employment.

Maybe something similar, due to the large number of employees can be expected in EPS, in which now, in 13 subsidiaries companies, work 31,200 people, and even 600 have director position. And what is interesting, as recently said acting director of EPS Aleksandar Obradovic, he was not director to many directors, which represented significant burden on business and contributed to inefficiency and system irrationality. The consequence of such an organization is that the company lost 15 MEUR, instead of one, the same paperwork is done for 14 times.

It is hard to make parallel between NIS and EPS in the process of restructuring.

-However, NIS and EPS used the same recipe in making the first restructuring steps, when PE "Srbijagas" was set aside from PE "The Petroleum Industry of Serbia", and NIS was transformed into a joint-stock company, whose sole owner is a state - And the transmission system management was allocated from EPS in 2005th and it was established the Public Enterprise "Elektromreza Srbije". When compare NIS, "Srbijagas" and EPS now, it is evident that "Srbijagas" and EPS have a big minus in business because a large number of consumers, especially in the category of the economy, they cannot charge the goods - gas or electricity - which they delivered.

According to her, in order that EPS be successful, the Serbian government, which actually manages these public companies, should influence at the fact that not to order energy delivery to non-paying customers political appointees.

- If they finally did transformation into a modern company and pick management for their expertise and skills, and not for a party booklet, along with, of course, the view that such management was literally responsible for the company management, EPS would have been

successful without privatization - says our interlocutor.

She points out that until the politicians do not enact laws and regulations that will result that EPS no longer be an extended arm of the Serbia Government for social assistance to citizens and unsuccessful companies in Serbia - EPS will not be a successful company.

- Once this is done and let management to operate according to market principles, EPS can become a successful company and a restructuring without politicians deflection from direct EPS management will not solve anything. If EPS reconstructing would be done properly and that firm be supported, Serbia could be a leader in electric sector as now is the case with NIS and the oil sector .

She says that now is not the time to sell EPS because the system is weakened by the floods and will not attract a serious buyer.

- Politicians, before making mistakes in steps with EPS, should be reminded that what Bulgaria has survived in the past years, where even the government collapsed due to the problems caused by hasty privatization of the local power utilities .