

Market liberalization was planned in three phases. From January 1st, 2013, every high voltage company was entitled to choose its own power supplier on the market. The second phase consisted in that all medium voltage companies, cca. 3000 additional entities, smaller consumers and companies, since January 1st this year, are free to conclude contracts with any power supplier on the open market. Now, the third phase awaits us, where every household will be in position to choose its own power supplier. By the end of the year, EPS will not have had a single guaranteed buyer says Aleksandar Obradovic CEO of EPS Serbia Power Utility company ( Elektroprivreda Srbije).

This very act opens the door for the establishment of the market price of the electricity. On the other hand, we have another issue in EPS. We are still organized as if we have a monopoly. We are registered as a public company, even though we do not have a right to be that. Namely, production and trade of the electricity are no longer the activity of public interest, and only the distribution remained the activity of public interest. We should have become a joint-stock company a long time ago. When you look at how we are vertically organized, each subsidiary company: electricity distributions, TPPNT, Kolubara, are organized as completely independent systems. EPS is enormous, the decision-making system is complicated, and there is no clear pyramid of responsibility. We have 650 directors in the system and huge administration. Daily, we are losing 100.000 euros. The previous government has made a decision on the reorganization of EPS, and on 16th November 2012 said how EPS should be reorganized, which steps should be taken and how it should be done. One of the first steps is the different organizational scheme, turning into a joint-stock company and amending the Memorandum of Association of the subsidiary companies, thus recognizing that they are part of the system. Unfortunately, we have not moved a bit from these reorganization starting points. The new Minister of Energy, Aleksandar Antić has recognized the fact that EPS must be reorganized and, as far as I have understood, he has started addressing the issues regarding the new Memorandums of Association, which need to get the "green light" from the Government, by the end of June, hopefully. Thus, the process of reorganization of EPS will be finally facilitated.

When will EPS start producing electricity at market prices?

Already this year 50% of the market is obliged to buy the electricity at market prices. As for the tariff part which deals with the public supply, according to the EU, that price policy will be determined by the Energy Agency. We are trying to create a strategy for EPS in order to be directed to the investments. However, it requires money and we will see how to reconcile those two things, in cooperation with the government, how to make the power system as stable as possible and resistance to such impacts as floods, but on the other hand not to burden the citizens who are already tormented by economic problems. In the past eight years EPS, instead of investing in its capacities and overhauls, has given to the citizens and the economy about 6 billion euros. It was a political decision, but now as things are

changing and as we get closer to the EU accession, this kind of decisions cannot be made,  
so the space of political influence is getting narrower.