

Due to May floods during which the greatest open pit mine “Tamnava West Field ” was flooded, the state is forced to find alternatives, in order to ensure the safe electricity and heating supply. Uncertainty of Russian gas supply, and uncertain electricity import in the winter time has influenced the state to decide in favor of the coal import. At the end of October the tender for purchase of 1.3 million tons of coal for the period from November to March was announced.

Although there were no floods in the previous years, our state was also forced to import electricity which is the most expensive in the winter period. As we were told in “Electric Power Industry of Serbia” (EPS) any increase of the electricity production in Serbia, as well as the one from the renewable sources, decreases or completely eliminates the need for the electricity import in the winter time.

When it comes to RES, EPS plans to build the wind farm with the capacity of 50 MW in Kostolac. As we were told in EPS, the completion of a Pre-Feasibility Study with the general design was done, which showed that the project is cost-effective. In 2015, it is planned to complete geological exploration works and to develop Feasibility Study with Preliminary Design after which the appropriate decision about the construction of the wind farm will be made. During 2015 it is expected to sign an appropriate agreement on financing of this project with KfW Bank and to obtain the guarantees from the government. The announcement of the tender for the equipment supply could be expected in the first quarter of 2016, and the works will start in the spring of 2017 - it has been announced by EPS.

Investments of EPS in small hydro power plants

“Electric Power Industry of Serbia” has announced a tender for the supply of equipment for small HPPs from the group “West” and the announcement of two similar tenders is expected by the end of the year.

- In 2015, we also expect to announce three tenders for construction works, and the beginning of the construction is planned for the spring of 2016, and its completion by the end of 2017. EBRD loan covers the revitalization of 15 small hydro power plants owned by EPS, as well as the construction of two new small hydro power plants on the existing waterworks facilities. The total value of the project is estimated at 32.3 million euros. Long term plans of EPS are the new investments in renewable energy, and they are exclusively related to small hydro power plants.

Although the Memorandum of Understanding with RWE on the construction of hydro power plants on the Morava River was signed in 2012, it is said in EPS that they are still negotiating with them and with other investors.

- EPS has been participating, with the foreign partners, in development of 10 small hydropower plants on the river Ibar with the capacity of 120 MW, annual production of 453 million kilowatt-hours and the investment value of 340 million euros. We are participating with RWE in the development of five small hydro power plants on the river Morava, with the

capacity of 147 MW, annual production 645 million kilowatt-hours with the investment value of 360 million euros. The fourth unit in HPP "Potpeć" with the capacity of 12.7 MW and the solar power plant Kostolac with the capacity of 5 MW are independently developed by EPS and the market analysis for the construction of the reversible HPP Bistrica with capacity the of 680 MW with the investment value of 600 million euros, is in progress.

During 2013, EPS bought electricity from 33 small hydro power plants that had the status of privileged producer, while in 2014 (ending in September 2014) electricity was bought from 41 small hydro power plants that also had this status.

In the period from January to September 2014 it was bought 147 million kilowatt-hours from the renewable sources, i.e. power plants of privileged producer status, which represents about 1% of total electricity purchased for the purpose of "EPS Supply".