

General manager of Serbia power utility company Elektroprivreda Srbije EPS, Mr. Aleksandar Obradović recently explained two major questions: Why aren't there any investments in the power sector and what is happening with the process of corporatization of EPS?

According to him, electricity generation is at risk in the long run, but no new investments have been made yet, although it is obvious that the need for electricity will be increased in the future.

Answer to the first question is that every successful power policy has to find the balance among security, availability and sustainability of power supply. The European Union hasn't found that balance yet. Citizens of the EU are facing enormously high prices of electricity, while the largest power systems are almost on the verge of bankruptcy. How is it possible that, on one hand the electricity price has been increasing a lot, and on the other hand the competitiveness of Europe has been decreasing due to electricity price? It is possible precisely because of the EU policy in the field of renewable energy and the situation that occurs when bureaucrats are playing games on the market and add a little more where they shouldn't, and thus disrupt the balance of the market. Thus, in Germany 20 million euros is spent annually on feed-in tariffs for renewable energy sources and the emission of CO₂ has increased. So, we are facing the situation where the environment is dirtier and we have thrown huge amount of money on the renewable sources, and the result is that the companies are on the verge of bankruptcy – says the director of EPS.

He added that now the Czechs are constructing big substations near the border with Germany, in order not to disrupt the operation of their power system when the wind blows in Germany. While the Germans shut down the nuclear power plants, the Czechs, on the other hand build them. Mr. Obradović wonders whether this is the unified European market everyone is talking about.

Financially, it is not logical to invest in new capacities, but on the other hand, EPS is pressed to operate profitably, and we know that in 10 year time we could face a problem, because we don't have enough capacities built. We cannot solve this problem until the compromise has been made in Brussels – says Mr. Obradović.

When it comes to the corporatization of EPS, Mr. Obradović expressed his belief that it was practically the matter of weeks and days to its realization. Minister of Energy and Mining, Mr. Aleksandar Antić, announced the adoption of EPS reorganization scheme. This is followed by the amendments made to the Articles of Association and Memorandum of Association, which will create a pyramid of responsibilities and reduce the number of directors and administration. Mr. Obradović announced that once this process was completed, the new management of EPS would be proposed to the Supervisory Board.