

## Serbia: Regulated electricity supply market trends

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The current regulated public supply electricity price for final customers was approved on August 1, 2013 and it was not changed in 2014. In 2014, the Agency's Council adopted a decision on the adoption of a new Methodology for Setting Public Supply Electricity Price which complied with all the changes in the electricity market.

Until 2013, final customers procured electricity at regulated prices. Since the beginning of 2013, customers connected to the transmission network had to purchase electricity at market prices. Since the beginning of 2014, only households and small customers are entitled to public electricity supply while other final customers purchase electricity at market prices. Market price, i.e. wholesale price which is set on the basis of "futures" trend on neighbouring exchanges for the coming year and which does not imply transmission, i.e. distribution costs ranged on Leipzig exchange (EEX) from

39.06 €/MWh for base load i.e. 49.52 €/MWh for peak load, while the same price on the Hungarian exchange (HUPX) ranged 44.26 - 57.85 €/MWh. In addition, wholesale electricity prices which represents the basis for setting public supply price amounted to 3.26 RSD/kWh, i.e. 28.85 €/MWh at the average € exchange rate in 2013 at the moment when the last approval of prices was given.

The current level of regulated electricity prices does not allow sustainable development of the power sector since, on one hand, it does not provide for necessary funds for investments of existing energy companies, and, on the other hand, it destimulates other investors and energy efficiency. Such a low electricity price does not stimulate the use of other means of energy and energy sources (district heating systems, natural gas, etc.), especially in terms of heating.

There are two prices given for Serbia, one of them is harmonised with EUROSTAT methodology and it relates to the reference customer with average annual electricity consumption between 2,500 and 5,000 kWh in line with European processes and standards. The other price is more in line with Serbian circumstances since it reflects the average household prices better. Both prices in Serbia were the lowest in this period for both customers category, not only in comparison to developed European countries but also the countries in the region. , transmits Serbia-energy.eu