

With reserve capacity services and secondary control, EPS's power plants generate one part of the revenue. - The methodology and pricelist will be issued in November.

The Energy Agency of the Republic of Serbia (AERS) is preparing the Methodology for setting the prices for system services which will be valid from the next year. As we have learnt, the methodology should be adopted in November and it will represent a document which would serve as a reference for producers, whose power plants are connected to the electric power system of Serbia, in the process of calculating the prices for providing system services. Until now, system services have been provided only by "Electric Power Industry of Serbia", but future power plants will also have to be able to provide them.

Therefore, in future, system services will be supplied according to the regulated prices. In case the steady performance of the electric power system needs to be additionally secured, the Serbian Transmission System and Market Operator (EMS) will be able to purchase these services on the market from "Electric Power Industry of Serbia" or other power producers in Serbia or in the region. Power producers will have to possess the electrical generating unit with the capability of providing system services, or at least some of them, in order to come to the rescue when the need arises, such as in cases when the imbalance of production and consumption occurs, or when voltage conditions in the system deteriorate.

Expenditure and prices

The issue of system services has become a hot topic since the announcement of the construction of new power plants, especially high power wind turbines which are prone to cause instability in electricity generation and technical operability of transmission system. At meetings dedicated to the preparation of the energy development strategy or the strategy for the development of renewable energy, warnings have been often given regarding increased needs for additional power in the system with large electrical generating unit and the necessity of adequate evaluation. As large power producers have to bear the costs of providing system services, providing own reserve capacity and power plant depreciation due to the abrupt changes in power systems, the price for electrical generating unit construction, regardless of investor identity, has to be formed by including all the above-mentioned expenditures.

In "Electric Power Industry of Serbia", so-called "cold or hot reserve" service diminishes the productive score of power plants which have not been calculating those expenditures individually, but rather leveling them to comply with the unitary business system of PE EPS. The decision of AERS on the prices for system services, which are updated every year, regulates the monthly amount that EMS pays to EPS to obtain the capacity reservation for system services.

Recording the time when the reserve service is in use

The methodology that is being prepared will define the framework for calculating the prices for individual system services and at the same time determine the prices for each of these

services which will be calculated for only those capacities that were actually available for providing system service in real time. The same applies to the services of secondary control that EPS's power plants provide for EMS. This refers to the units of TENT A with installed power higher than 300 megawatts. When these units provide the service of secondary control, they use reduced power for electricity generation. In the power plant "Nikola Tesla A" the evaluation of the cost incurred by the energy loss, created by power reduction, has not been yet done despite the fact that at certain times reduced power has been recorded. The introduction of market principles in this segment of the operability of EPS generation capacities is being taken into consideration. To make things clear, since AERS determines both prices and methodology for price formation, it is obvious that system services provided by power plants connected to the electric power system of Serbia are regulated. They will remain regulated as long as the competition among producers in the provision of system services is not created. The prices for system service are therefore regulated, not market ones. However, power plants providing those services should realize that they can benefit from this price regulation as money collected in this way actually represents one part of their revenue and should serve as motivation for generating higher profits. The department of EPS for electricity generation has announced that technical economic analysis will be conducted, which will, together with the pricelist made by AERS, be used for assessing the secondary control and other system services as possible revenue sources.

Source; Serbia Energy/EPS