

The Executive Director for Electricity Trading in Electric Power Industry of Serbia (EPS) Dragan Vlaisavljevic warned today that electricity production from renewable energy sources jeopardizes thermal power plants due to government incentives and that only most efficient power plants will survive.

He pointed out that the liberalization of electricity trade and the electricity production from renewable energy sources “dramatically lowers the price of electricity” and thus threatening the viability of thermal power plants, and without power plants electric power system is hardly sustainable.

“Supporting the electricity production from renewable sources, which is in Germany stimulated with EUR 24 billion per year is a “play” that bankers came up with in order to earn a lot of money with short-term loans. Detailed analyses for the construction of reversible hydro power plant in order to expand EPS capacities show that this investment is not profitable at the current electricity price” said Vlaisavljevic during the international conference “Regional Electricity Market” in Belgrade.

He pointed out that renewables generate fees that raise prices to consumers, and this will happen soon in Serbia.”

Vlaisavljevic reminded that Serbia has a free electricity market which was introduced on January 1, 2013 and that these days a letter from Brussels with new business guidelines has arrived.

“The focus will be placed on renewable energy sources and it is necessary to raise the security of the grid, connect regionally, and the goal is to create a single European electricity market. Instructions are also related to removal of transmission bottlenecks and increasing the balancing market”, said Vlaisavljevic adding that efficiency should be improved too.

According to his words, European guidelines imply that household consumption is monitored in order to adapt to the dynamics of consumption depending on the network load in certain time intervals.

Ljiljana Hadzibabic, a member of Energy Agency Council of Serbia, said that 59 work licenses were issued so far in the field of electricity supply and 37 for the supply on the wholesale.

“From a total of 96 issued licenses owners of 45 of them began working with electricity trade, and 15 are dealing with supplying end-customers. The most dominant supplier is EPS, but there are others who examine procedures and monitor the market,” said Hadzibabic. She pointed out that the drop in industrial production reduced power consumption in this sector and there is the largest number of small consumers and households, but only 37 percent of electricity on the free market.

“It is necessary that electricity prices on the market be lower than the regulated prices so that the small consumers and households could purchase electricity on the free market. As

the State as the owner maintains electricity prices below economic level with the explanation that citizens cannot pay the higher price, small consumers have little interest in purchasing electricity on the free market, "said Hadzibabic.

She pointed out that the Energy Agency is conducting analyses on what the manufacturer, EPS can collect from the consumer and that Agency is not the one to keep electricity prices under control, but it is the state as the owner of the company.

"It would be fair to compensate electricity bill for the poor, and that those who can pay the electricity pay at real prices," said Hadzibabic.

Technical Director at Serbian Power Exchange (SEPEX) Dejan Stojcevski pointed out that liquidity in the electricity market is not at the expected level, and that it cannot be developed if electricity market is not developed.

"Up to now, we have 11 power exchange members, and we expect three more. The tendency is to connect the electricity markets and electricity markets from northern and western Europe have already been connected. The aim is to have a unique reference price for very hour, which is published publicly," said Strojcevski.