

Serbia: RES market is yet to be developed with new electricity prices of state power utility EPS

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Production costs of RES electricity is lower than the market one, around 3 eurocents while the economical price could be more than 4 eurocents which is in the same level of HU power exchange price.

State owned Power utility company Elektroprivreda Srbije (EPS) is lagging in RES investments despite announcements and plans to change the energy mix of its managed portfolio. Private companies developing RES projects already took the advantage of fast moving energy market of RES subsidies.

EPS announced several times its plans for investments into RES, specifically wind and hydro projects. RES potentials are huge and still unexplored. Investments into RES projects is huge, kwh from RES facilities are more expensive than the conventional power generation due to the state RES subsidies.

Serbia did liberalize formally its energy market but EPS still have the monopoly and dominant market share due to the low costs of produced electricity from coal fired power plants.

Production costs of RES electricity is lower than the market one, around 3 eurocents while the economical price could be more than 4 eurocents which is in the same level of HU power exchange price. That indicates that the wind and sun RES facilities are attractive for investors. Kwh produced from RES facilities are being purchased by EPS thru PPA agreements under subsidized feed in tariffs. One kwh from wind parks is being sold at 9,2 eurocents while the solar kwh is being sold to EPS on price of 16,25 eurocents. This take off prices are a lot higher than the kwh produced in EPS power generation facilities.

EPS is purchasing RES electricity from private investors but still does not produce any of it. EPS have an ongoing plan for 100MEUR investments into Wind & solar parks Kostolac which is in development phase. WPP Kostolac should have 60MW with annual production of 135 million kwh. Another EPS RES investment project is a solar park of 10MW, with annual production of 12 million kwh.

Paralell with EPS plans, private investors took the advantage of restarted RES market. Italian-Serbian Flntel MK commissioned the first Serbian wind park Kula with power of 9,9MW and annual production of 27 million kwh. Investors are expecting the commissioning of another wind park in Vrsac.

Serbia issued so far energy permits for RES facilities amounting 780MW out of total 1.092MW which is planed in national strategy, while 500MW cap is set for wind energy.

Mini hydro power plants are also being subsidized thru feed in tariffs, kwh take off price thru PPA is set on scale between 6-13 eurocents. EPS is actually realizing the modernization of 15 small HPPs. These projects are being financed by EBRD loan in value of 32,7MEUR, transmits [Serbia-energy.eu](http://serbia-energy.eu)