

Serbia: Returning of the monopoly to the "small door"?

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The electricity prices that Elektroprivreda Srbija offers to commercial customers in Serbia are about 10 percent lower than the market prices.

In this way, EPS implements dumping measures that suppress competition, but at the cost of its own losses. This is a negative trend from two aspects. The first is that in this way the liberalization of trade in electricity in Serbia, which is legally grounded and proclaimed, is obscured. Also, it is bad for the state and buyers of electricity because somebody will have to cover the losses of EPS created by dumping prices that do not cover the costs of production – Velimir Gavrilovic, general director of "Energia, gas and power", a company that deals with the sale of electricity to the final customers in Serbia, told Danas.

According to our counterpart, what are the market prices in our region is easy to determine and check.

- The market price of electricity in this part of Europe determines the price achieved on the Hungarian energy market as the most liquid market in this region. If the Serbian market offers commercial prices a 10 percent lower than justified, as EPS does, then we come into the situation to restore monopolistic relations in a specific way. A logical question is arguing who will compensate for the missed income or regulate the loss of EPS due to a lower price than the production. Also, the imposition of dumping prices creates speculations that their goal is to achieve the 100% EPS's market share in the sale of electricity in Serbia, which would be the first step towards a company's sale to a foreign investor. The problem is that EPS, if it sells electricity below the market price, can not earn enough to invest in the construction of new production capacities in Serbia that are a necessity because the existing ones are outdated and the last one was built thirty years ago. It should be emphasized that EPS still does not offer the electricity produced in Serbia in the free market, but switches to EPS trade and supply at non-transparent prices - says Gavrilovic.

He adds that due to this behavior of EPS from the Serbian electricity market, four suppliers of commercial customers are being withdrawn: GEN-I, Proenergybgd, Future Energy and Energy Delivery Solutions, while Tinmar Energy has already left the market. At this moment, 15 active suppliers are selling electricity to commercial customers in Serbia. The biggest player is EPS with a huge market share of 95 percent, while in the second place is the company "Energia, gas and power" with a share of four percent. This company in Serbia supplies more than 400 customers with electricity. Among them are "Don Coffee", "Philip Morris", "Japan tabako", "Metro Cash and Carry", "Europetrol" pumps, "Milosev Konak" restaurant, chain of stores "Aroma" and so on.

"Energia, gas and power" is a company majority owned of Serbian capital (minority partners are from Italy) and in Serbia has been present since 2013. On the Serbian market, it supplies electricity and end consumers and electricity traders. The first deliveries of energy to retail

customers were agreed in 2014.

- The company's portfolio grows from year to year, so during 2016, we delivered five times more electricity to commercial customers in Serbia than 2015. Total deliveries in Serbia last year reached 260 thousand megavats. In this year we have contracted deliveries that will achieve additional growth of 50 percent compared to last year. In Italy, the company operates under the name "Europe energy gas and power" and supplies electricity and gas to 30,000 end customers - emphasizes Gavrilovic.

No competition on the gas market

- We have a license for supplying end customers of gas in Serbia since 2015, but we are in fact unable to access the "Srbijagas" network with our own gas. We can transport gas to the Serbian border, but on the other hand, we can not implement it to the final customers in Serbia, because, as explained to us in Srbijagas, there are still no subsidiary acts that would allow the company to create a gas charging pricelist from private supplier to consumers. Accordingly, at this moment, we can only be subcontractors of Srbijagas, or local distributors. From the exhibited it can be stated that there is practically no real competition in the gas market in Serbia - says Gavrilović for Danas.