

Serbia: Serbia to restructure both EPS and Srbijagas

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Serbian Prime Minister Ana Brnabic said that, according to the plan of development of Serbia until 2025, public enterprises should be restructured and reformed in order to operate more efficiently.

PM Brnabic noted that the reform of public companies would start with power utility EPS and gas company Srbijagas, which can contribute the most to the economic growth of the country.

In November, Director of Srbijagas Dusan Bajatovic said that the Government plans to complete the unbundling of Srbijagas by October 2020, thus creating conditions for free competition on the natural gas market. Bajatovic reminded that the company has already transferred the gas transmission business into subsidiary Transportgas Srbija, which started operations in October 2019. Srbijagas will also unbundle the distribution activity and the company Distribucijagas Srbija was established in 2015. According to estimates, there should be four distribution zones in Serbia, which will cover all consumer needs. After the distribution, the gas supply activities will also be unbundled. The entire unbundling process will be executed in line with the commitments of Srbijagas to the European Commission and the Energy Community. The restructuring and unbundling of Srbijagas is a precondition for the opening of Chapter 15 - Energy in Serbia's EU accession talks and this precondition should be fulfilled by October 2020.

The latest International Monetary Fund (IMF) report sent to Serbian authorities states that without higher electricity prices by the end of June 2020, which would include increased fee for encouraging renewable energy production, it would be unrealistic to expect successful financial consolidation of EPS. It also added that mid-2020 is the final deadline by which all activities related to the transformation of EPS from public enterprise to a joint stock company should be completed.