

Electricity market liberalization activities, including the first, second, and the ongoing third phase of liberalization, were evaluated as successful in the paper by the experts of Elektroprivreda Srbije, Zeljko Markovic, Milan Davidovic and Aca Markovic at the 32<sup>nd</sup> Conference CIGRE. To successfully complete the third liberalization phase, all the relevant stakeholders, the Government of the Republic of Serbia, competent ministry, Energy Agency, Elektroprivreda Srbije and Elektromreza Srbije, are faced with a number of activities, the most important being the formation of a distribution system operator, bringing the guaranteed supply prices to the market level with changes to the tariff system, completion of JP EPS restructuring and establishment of an electricity exchange. These changes would bring Serbia closer to the electricity market formed by all the Member States of the European Union, assisting it to arrive to the desired retail market model, and also ensuring nominal and actual freedom of choice for all end customers.

The adoption of the Energy Law in 2004 set in motion the reforms of the electricity sector aimed at establishing the liberalized electricity market. This law established the Energy Agency of the Republic of Serbia as an independent regulatory body to conduct activities promoting energy market development, principles of non-discrimination and effective competition. At the same time, first unbundling of activities into two independent legal entities took place, public enterprise Elektroprivreda Srbije performing generation, trade and distribution of electricity, and public enterprise Elektromreza Srbije performing electricity transmission.

After the said law was adopted, the Republic of Serbia in 2005 signed the Treaty establishing the Energy Community between the EU and Albania, Bulgaria, Bosnia and Herzegovina, Serbia, Croatia, Macedonia, Montenegro, Romania and the United Nations Interim Administration Mission in Kosovo. The following Energy Law, adopted in August 2011, will initiate harmonization and convergence with the regulatory and institutional framework of the European Union.

In early 2013, together with the established wholesale market model, a retail market model was gradually formed. This was the so-called first phase of market liberalization.

Consequently, as of January 2013, the right to public supply was given to final customers whose facilities were connected to the distribution system. This marked the beginning of one retail electricity market segment. The second phase of liberalization started in January 2014. It included the right to public supply for small customers and households.

The third phase of liberalization started from January 2015 and under the new law, all customers had the right to choose their suppliers, while the right to guaranteed supply could be exercised only by households and small customers (legal entities and entrepreneurs who have less than 50 employees, total annual income of 10 million euros, whose facilities are connected to the distributions system of the voltage level below 1kV and whose consumption is less than 30,000 kWh per year).

In order to eliminate the disadvantages of the internal market functioning, adoption of the Third Energy Package of the European Union was initiated, which aimed to ensure a more effective unbundling of the transmission network, establishment of a European regulatory agency, cooperation among transmission network operators, and development of harmonized transmission system access and use rules. The Energy Agency was given higher authorities, inter alia, to perform transmission system certification activities, adopt rules on the quality of delivery and supply of electricity and natural gas, pass an act on exemption from the electricity and natural gas fields, establish charges paid for deviating from the stipulated electricity supply quality, transmits Serbia-energy.eu