

Separation of electricity transmission and distribution which represent natural monopolies, from generation and supply as market operations is one of key elements of market reforms. Electricity transmission and transmission system operation were separated in 2005 into a separate company PE EMS, thereby realizing unbundling between the transmission system operator from the vertically integrated PE EPS.

Unbundling of network activities of electricity transmission and distribution, which are natural monopolies, from production and supply, which are market activities, represents one of the key elements of market reforms.

Electricity transmission and transmission system operation were unbundled into a separate company PE EMS in 2005. Thereby, transmission system operator was unbundled from the vertically integrated PE EPS.

In 2013, PE EPS established a daughter company EPS Snabdevanje (EPS Supply) and thereby, distribution (which is performed in five daughter companies) was unbundled from the supply, in terms of legal form. Electricity generation is performed in six daughter companies which are separate from network activities in terms of legal form.

The way the energy entities which deal in electricity distribution and distribution system operation unbundled their accounts did not comply with the requirements arising from the Article 19 of the Energy Law until they were unbundled into two separate legal persons. Namely, distribution companies used to set their balance sheets and income statements for each activity based on ex-post unbundling of bookkeeping on a single account of a daughter company, not on the actual (ex-ante) accounting unbundling.

The Law also defined a set of measures the implementation of which enables the independence of the distribution system operator, especially in terms of adoption of decisions on the funds necessary for operation. The parent company will be in a position only to approve annual financial plans and set the debt-level limits to the system operator but it will not be in a position to give guidance for everyday operations.

The system operator which operates within the vertically integrated company has to adopt a Program for the provision of non-discriminatory behaviour, the content of which is set by the Law and to appoint a person responsible for the supervision of the Program. The operators have not done this, mainly since they are still in the process of transformation into a single Distribution System Operator (DSO). The Council of the Agency approves the Program.

In addition, electricity production (mainly small power plants) and services provided by PE EPS - Snabdevanje (Supply) have to be unbundled from the DSO. , transmits Serbia-energy.eu