

Serbia: Who is blocking one DSO level prices within power utility company EPS future holding?the report

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Answers to the question why a decision on the formation of one company for distributing electricity instead of five has not yet been made, depending on which side will provide it can be found on the side of Electric Power Industry of Serbia or the Ministry of Energy, Development and Environmental Protection. The management of EPS claims that they have developed the proposal for the Unification of five distributions, but that was pulled from the agenda at the request of the Board of the Ministry of Energy. The Ministry denied such allegation and says that the reason is that the final agreement on this issue was not reached within the EPS.

We recall, from 1 January 2014, companies that receive electricity at medium voltage level, will have to look for a supplier in the market. What is concerning because of varying heights of network fees, in the event that a single enterprise distribution does not form or that another solution is not found, is whether the price of electricity will be uneven by that date, and the companies in the poorer regions will pay higher bills than those in more developed regions, where the network fees are lower.

Chronologically, the EPS is first reacted by announcing that the initiative of the Ministry of Energy Aleksandar Obradovic, the Acting Director of the company, withdrew from the meeting of the Board a proposal for establishing a new subsidiary, the distribution system operator, allowing the introduction of a single price for the cost of distributing electricity throughout the territory of Serbia.

- The establishment of a new subsidiary company is the only way that is within the jurisdiction of EPS, that all customers have the same requirements for access to the distribution network and to prevent uneven distribution of costs between different regions of Serbia. Obradovic has previously made several attempts to make that decision on the agenda of the Board meeting of EPS, but the proposal was rejected each time. The epilogue to the current five companies for the distribution of electricity will continue to serve as a five distribution system operators. Each current distribution has a different height network fees due to the large difference in costs. In case that another solution is not found, companies which are spending the same amount of electricity will receive accounts at different prices from the first January 2014, depending on which part of the country they work in - they say in EPS.

The Ministry of Energy again denies that they asked Obradovic to withdraw its proposal.

- We do not determine the agenda of the meetings of the Board of EPS, nor did anyone of our ministry asked the Director of EPS or members of the Board to withdraw any item. According to the information we received by the EPS within this public company consultations regarding

the future operation of the distribution system are still conducted. It is expected that after reaching an agreement with all of the Companies for distribution, the item will be placed on the agenda. Apparently, acting General Director of EPS has asked the Board to comment on the matter before an agreement was reached within the company, which led to the withdrawal of the point - people in the Ministry of Energy.

They remind us that the determination of the model which will be done by the management of the distribution system is not possible before the adoption of appropriate amendments to the Energy Law. With coordination within the system of EPS and flexible approach in offering uniform prices for supplying customers entering the market, it is possible that different prices for access to the network does not affect the price of electricity that they pay, according to the Ministry of Energy.

- An attempt of EPS management to shift the responsibility to other actors because they can not reach an agreement "in-house" is harmful because it creates the impression in the public that there is no synchronization in the administration of the state and public enterprises, thereby negating the results so far that the government has made in reforming public enterprises in the energy sector - according to the Ministry of Energy.

The EPS in turn maintain its claim that the representative of the Ministry of Energy, who attends the meetings of that body, at the meeting of the Board of Directors, held on 20 November, before the adoption of the agenda asked to wait for further consultations in coordination with the Ministry of Energy.

- The representative of the Ministry of Energy has added that there is a need for special meeting of the Board which would be dealt with the theme of the organization and operation of the distribution system - say the EPS.

Source; Serbia Energy