

**BSP Regional Energy Exchange** is to become a leading cross-border energy exchange in South East Europe and to integrate these markets through the mechanisms of market coupling or implicit auctions into a common European electricity market.

**Serbia Energy Business Magazine** proudly presents the opinions of different stakeholders in Serbian Energy Sector.

Interview with Mr. Gorazd Ažman, Director, BSP Regional Energy Exchange LL C,  
conducted by Vladimir Markovic, Msc APR Serbia Energy Business Magazine



**Mr. Gorazd Ažman**, Director, BSP Regional Energy Exchange LL C

**BSP Regional Energy Exchange LL C**, which operates under trademark BSP SouthPool, is a regional energy exchange in South-Eastern Europe, as you mentioned established in 2008. Its headquarters are in Ljubljana. It provides market participants with comprehensive and high-quality liquid, competitive and transparent organised electricity market services. Currently, BSP SouthPool enables electricity trading on the Slovenian and Serbian markets; however, trading will also be possible on other markets in the region in the future, first of all in Macedonia. The objective of the BSP Regional Energy Exchange is to become a leading cross-border energy exchange in South East Europe and to integrate these markets through the mechanisms of market coupling or implicit auctions into a common European electricity market. We see Serbian electricity market as very important for successful integration of South East European and European electricity markets.

**Serbia-energy.com:** Serbia has taken an important step in the implementation of EC policies and standards, subsectors of electricity and power generation seem to have the highest importance for the region economic development, can you tell us your impressions on the achieved level of power generation facilities efficiency improvement and liberalization of electricity trade?

Unfortunately increase of generation in the region was mainly achieved with efficiency improvement and revitalization. It is hard to say that enough was done in that relation, but what should be of greater concern as it comes to generation is lack of new investments and constant postponement of new investments.

As it regards to the liberalization of electricity trade retail markets are still relatively closed, but on the wholesale level we see increased activity of trading companies mainly due to the easier access to crossborder capacity rights. Furthermore a lot could be done with coordination of allocation of crossborder capacity rights and with abolishment of requirement for electricity trading license and local company for wholesale trading in some countries. As it regards to these two requirements, experiences from countries that have already done so, are showing us that the number of trading companies increases significantly, bringing additional liquidity to the market.

**Serbia-energy.com:** How do you perceive the role of BSP South Pool in the region energy

trade, do you see yourself as advance of new European standards implementation in region and Serbia?

Being the only PX in South East Europe with implemented market coupling and experiences gained during process of implementation we are confidently looking forward to next projects of such kind. Also trough cooperation and know how transfer. But what I see as even more important thing at this stage of regional market maturity is our clearing mechanism that goes back for 10 years already. It is fair to say at this stage that this important part of our activities was performed already under Borzen for several years before spinning off PX business to BSP SouthPool. And it is this clearing hand in hand with liquidity of the market that is bringing new trading companies to the market. And with increasing trading volumes on the wholesale market, clearing house as a central counter party is enabling trading companies to have their collaterals at one place helping them to improve operations and increase flexibility.

**Serbia-energy.com:** What is the level of achieved trade when it comes to Serbia, how do evaluate the balances that Serbia have? Is Serbia facing future electricity demand increase and how would you act?

Level of achieved trade is constantly improving. Serbian market is still perceived by trading companies as a transit one and most of the trading is done on the borders of Serbia. So the question is how to bring that liquidity inside the Serbian market. One suggestion was already made. We have to say that Serbian generation structure is enough competitive on the regional level and we all believe that Serbia as well as region will see increased demand especially having in mind connection of Turkish grid to the UCTE. Therefore having the liquidity at your doorsteps is always better as going for it crossborder.

**Serbia-energy.com:**What is the position of regional energy market for SEE among other similar energy exchange markets in EU? Is Slovenia a border or doorstep to EU for region? As mentioned earlier SEE market is gaining a lot on strategic level with connection of Turkish market to UCTE. But with its huge investment potential for new generation this market was attracting all the big players also in the past. Possibility for energy exchange is therefore high. Because of the complexity of the region it is hard to point out one country only. Slovenia is positioned between Europe and SEE but wider cooperation in the region is needed for successful merger of those regional markets.

**Serbia-energy.com:** Following EU directives and recommendations, Serbia has separated power generation assets from Network distribution. How do you evaluate the level of realized modernization in the area of grid efficiency increase? Does Serbia lacks additional investments in new power generation facilities?

It is hard to comment anything in relation to network distribution and grid efficiency increase since it is not our field of expertise. But as it regards to investment in new power generation we believe that lack of new investments and constant postponement of new

investments is problematic on regional level as whole. It is fair to say that Serbian EPS has expressed and shown interest for cooperation with foreign companies when it comes to the investments in new power generation facilities, which is showing the level of openness and is not always the case in this region.

**Serbia-energy.com:** Can you tell us more about the experience of your members in Serbian energy market? What is the quality of cooperation with Electric Power of Serbia (EPS)?

Our experiences from Serbian energy market are very positive so far. In the past we also organized some workshops for different representatives from Serbian energy sector to pass know how. The exchange of plans, information and possible cooperation is on satisfying level. We see EPS as an important regional and not only Serbian player, so we hope they will be able to start with their trading activities also outside Serbia. Currently EPS holds an observer status on our PX, enabling them to have insight in our exchange trading activities. We believe that we will be able to see them as active participants on either Slovenian or Serbian trading screen soon.

**Serbia-energy.com:** New power plants, project of strategic partnership that was started by Electric Power of Serbia, delayed for different reasons among them the status of Kolubara coal mines field extension & investment. Do you see the link, and how do you evaluate this initiative?

More or less projects were delayed or intensity of investment activities lowered in the region and elsewhere through Europe. What is important at this stage is that EPS is opened for such strategic partnership and it is only matter of time when this particular project will go on. And even if exiting strategic partner would step back it should not be hard work EPS to find a new one.

**Serbia-energy.com:** Your impressions on future liberalization of electricity trade in Serbia, influence on overall economic development?

More or less liberalization of electricity trade brings some new mechanisms to the market, that help build up transparent and efficient market. That is usually encouraging investors in power generation. As it regards to the price of electricity some industries are more and some less dependent on electricity. And those that are more dependent are usually under great influence of all energy sources. So liberalization of electricity trade should help and have positive influence on overall economic development but it has to be done properly and not only through some partial changes. Positive effect should be monitored on long term and short term expectations should be set realistically.

**Serbia-energy.com:** Introduction of Green Energy, many projects are in different development phase, are you prepared for new sources of electricity ( wind, hydro)?

We are offering high efficient auction trading with hourly products. This enables different types of generation to properly value and optimize their generation on hourly basis. And already now we have several members with large share of hydro generation actively trading

on or PX. In addition to that Slovenian company Borzen that is responsible for small renewable sources such as small hydro, solar, biogas and wind is using us for their dayahead balancing purposes.

Source serbia-energy.com