

The new price of electricity at high political voltage, big consumers facing price increase and change of supplier option

Categories : [News Serbia Energy](#)

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Although Energy Agency is responsible for determining the price of electricity, and not the directors of EPS, they are talking about the price increase as a done deal.

The price of electricity in Serbia could be increased starting from New Year for 20, 25, maybe 27 percent, announced Životije Jovanovic, deputy general director of the Electric Power Industry of Serbia two days ago in Jagodina, adding that the price will not be increased until the end of this year, but at the beginning of next year the price increase is inevitable.

The reason for this Jovanovic explained, is that the current price of kilowatt-hour is about 5.1 euro cents, which is 50 percent cheaper than in the neighboring countries. Slovenians pay 20 euro cents for kilowatt-hour, Montenegrins pay 8.80, while in Macedonia the price is 6.16 euro cents.

- I think the price increases will occur during the heating season, but it all depends on the consent of the government. There will be no drastic increase in the price and we should expect it to be around 20 to 25 percent. EPS is likely to request a price increases between 26 and 27 percent - said Jovanovic.

It was said by the second in command in EPS. However, the procedure is slightly different and it requires that EPS submits the electricity price increase proposal to the Energy Agency, which based on certain parameters, determines whether the request is justified. Only then it approves the proposed correction. With an explanation it suggests that the correction of the price per kilowatt-hour should be lower or higher, because the costs that EPS has to bear

justify such a calculation.

No request for an electricity price increase came to Energy Agency, so they can not say whether the announcements of the deputy director of this public company are justified or not. What is new, as they say in the Agency, is that for the first time since they will publish what the request from EPS was as soon as it arrives, which has not been the case before.

In the agency they add that they are the final address, it is them who decide on the future price of electricity, and the consent of the government is not needed.

Although realistically, looking at the price of kilowatt-hour of electricity in Serbia, the question is how appropriate it is for the leaders EPS to bid with the price increase, since there is an established procedure to determine the price since it is a commodity whose price affects all citizens. From bread bakers to public transport.

At the same time the Energy Law stipulates that citizens must be informed about changes to the price list at least one month before you move forward with the new calculations of electricity prices. And all that after the government agrees to the increase in the electricity prices at all.

Has Životije Jovanovic, in this the case jumped ahead of himself when he said that there will be a price increase after the New Year?

They had no comment in EPS yesterday regarding this issue, but unofficially we found out that no one can prevent the director to communicate such information which are a rumor topic in EPS.

The fact is that the Energy Minister Zorana Mihajlovic repeatedly stated "that the price of electricity would increase next year, but we can not say at what percentage. The basic requirement for the price increase is a change in the tariff system and introduction of social maps in order to speak about the realistic price of electricity. "

At the same time the European Union has recommended that in the next year and a half the price of electricity in Serbia should rise three times for 10 percent and by 2015 it should rise from 60 to 80 percent.

Goran Nikolic, an economist from the Institute for European Studies, said that the electricity price increase is not an economic, but a political issue, so that, in his view, the economy is unable to resolve the issue of the price of electricity in Serbia.

- The announced price increase would be realistic only if social maps were introduced before it occurs. Then we would know exactly who has to pay how much for electricity, because why else would someone who is really socially threatened pay the same price as those who are able to pay the economic price of electricity, Nikolic said.

Furthermore, an additional reason why the electricity price is a political and not an economic issue is that in Serbia the industry gets a privileged price of electricity because cheap

electricity for industry is the only thing Serbia has to stimulate the economy, like some countries do with the cheap loans, which is not the case here, explains Nikolic.

Having thus in mind, the fact that the Deputy Director General of EPS (closest to the first man of Jedinstvena Srbija), as a politician could have bid the price of electricity, why wouldn't others do so. The only question is who will make the final decision.

When asked whether this bidding was justified by the fact that the change in electricity price leads to higher price of other goods and services, i.e. the inflation, which would reach 14 percent this year, Nikolic said that electricity price increase of 25 percent would directly impact the increase of inflation by more than one percent, while the indirect effects would be much greater.

- There is not a single product that would not be affected by the price increase. But similar to the fuel prices, there are a lot of malversations says Nikolic.

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