

Electricity Market*Sector Structure*

100% state-owned JP Elektroprivreda Srbije (Public Enterprise “Electric Power Industry of Serbia”) is the dominant vertically integrated utility dealing with electricity production, distribution and supply.

The parent company performs wholesale trade for captive customers (at regulated prices), wholesale trade for the open market and common corporate functions

Its legally independent subsidiaries deal with power generation (HPP Đerdap ltd, HPP Drinsko- Limske ltd, TPP Nikola Tesla ltd, TPP Kostolac ltd, CHP Panonske ltd.) and distribution/ supply (Elektrovojvodina ltd, Elektrodistribucija Beograd ltd, Elektrosrbija ltd, ED Jugoistok ltd., ED Centar ltd). The functions of DSO and supply are unbundled within the distribution companies in terms of accounting.

Installed capacity equals to 8.355 MW (including 1235 MW installed capacity on Kosovo and Metohija, which are under interim administration of UN): thermal (lignite-fired) plants account for 5171 MW, hydro generation for 2.831MW and CHP for 353 MW.

100% state owned JP Elektromreža Srbije (Public Enterprise “Electric Network of Serbia”) is the independent transmission system and market operator in Serbia, dealing with grid O&M, system operation and market operation (including managing cross-border trades of electricity and capacity allocation on the interconnection lines).

The initial eligibility threshold is set by the Energy Law at 25 GWh/year, or 16% market opening. Prices for eligible customers are freely negotiated, while captive customers are supplied on regulated basis by the distribution companies. Regulated TPA to networks envisaged by the Energy Law will be enabled by adoption of relevant secondary legislation (pricing methodologies, tariff systems and grid codes) in the second half of 2006.

Households consumption accounted for about 54% of demand in 2005

- (1) how many independent generators? imports relevant? **No IPPs, Serbia is a net exporter (1365 GWh in 2005)**
- (2) is PE El.Pow. Network of Serbia **legally unbundled** (i.e. autonomous legal entity, probably under the same holding), or **functionally unbundled** (different division within the same firm)? or is mere **accounting separation** in place? **See the central column**
- (3) how many DSOs? all subsidiaries of EPS (or of EPNetwork)? **5 DSOs (as indicated in the central column).**
- (4) who is the licensed Market Operator? what type of market (bilateral, pool, etc.) **Elektromreža Srbije (as indicated in the central column). The market rules are still in the drafting phase, market design based on bilateral contracts and balancing mechanism is currently being developed by the market operator through the draft Market Rules**
- (5) how many independent suppliers? **Currently they are no independent suppliers or eligible customers in Serbia, since the unbundled network charges are not in force yet (it is envisaged that the first regulatory period will start on 1st January 2007), but also due to non cost- reflective prices for captive customers, giving no incentives to big consumers to switch to the open market.**

Upstream		
Networks		
Downstream		

<p>Gas Market <i>Sector Structure</i></p>	<p>100% state-owned JP Srbijagas (Public Enterprise Srbijagas) is the dominant vertically integrated utility dealing with transportation, distribution and supply. JP Srbijagas is still the only company performing wholesale trade for captive customers (regulated prices), wholesale trade for the open market and common corporate functions. Its organisationally independent divisions are dealing with power transportation and operation of transportation system, distribution and operation of distribution system.</p> <p>Aside from Srbijagas there are 28 distribution companies responsible for distribution and retail sale of gas in northern part of Serbia.</p> <p>The initial eligibility threshold is set by the Energy Law at 50 Mcm/year, or 50% market opening. Prices for eligible customers are freely negotiated, while captive customers are supplied on regulated basis by the distribution companies. Regulated TPA to networks envisaged by the Energy Law will be enabled by adoption of relevant secondary legislation (pricing methodologies, tariff systems and grid codes) in the second half of 2006.</p> <p>In 2005. import of natural gas was 2,269 bcm while consumption was 2,503 bcm, 0,085 bcm of which was for the gas fired power plants.</p>	<p>please provide a brief description of the gas sector in Serbia.</p>
Upstream		
Networks		
Downstream		
<p>Current Issues</p>	<p>Issuing pricing methodologies and tariff systems for regulated activities (including UoS charges) for electricity and natural gas</p> <p>Issuing methodologies for calculation of connection charges for electricity and natural gas</p> <p>Issuing Grid Codes for transmission/ transportation and distribution of electricity and natural gas</p> <p>Issuing Market Rules for electricity</p> <p>Preparation of the Implementation Program of the Energy Sector Development Strategy of the Republic of Serbia</p> <p>Investments to cope with forecasted energy deficits: in June 2006 Electric power Industry of Serbia engaged a consultant in order to attract a strategic partner for erection and operation of 700MW lignite-fired TPP in Serbia.</p>	<p>Please specify and add other hot topics in energy regulation (if the case)</p>
<p>National legislation</p>	<p>Energy Law</p>	
<p><i>Sources:</i></p>	<p>Energy Agency of the Republic of Serbia</p>	