

EPS is competitive with the price of electricity production from thermal power plants, because our country is not in the EU and does not have to pay a tax of 55 euros per ton for the emission of harmful gases.

While in Serbia for the last month there has been a serious controversy about whether we still need coal from “Kolubara” and “Kostolac” from which we get almost 70 percent of electricity, or whether it is better to close thermoblocks in favor of the green agenda imposed by the European Union, the latest annual report of the International Energy Agency confirms that the consumption of coal in the world will increase by 4.5 percent this year, of which three quarters are pulled by the electricity sector. This is an increase that far exceeds the one from 2019, as a consequence of the strong recovery of the coal industry after Covid.

The penalty for this increase will be paid by end consumers through the carbon dioxide tax, which could increase from the current 55 to 130 euros per ton by 2030, which will be the most probable end of electricity production from coal. Asked whether this is the fate of Serbia, although these taxes have not yet started to be charged in the price of electricity, Zeljko Markovic, a consultant at “Deloitte”, told “Politika” that Serbia has no obligation to pay a tax on carbon dioxide emissions until it joins the European Union.

- The introduction of this payment represents a great pressure on the electricity system and has significant consequences for the economy of the countries in the region. As a producer and trader on the regional electricity market, EPS is currently competitive with the price of production from thermal power plants, because Serbia is not in the European Union, so the price of electricity is not burdened by the emissions tax. The current emission price is around 55 euros per ton of carbon dioxide, so having in mind that for the production of one megawatt-hour from the latest lignite power plants, such as “Kostolac B-3”, about 0.88 tons of carbon dioxide are emitted, and from the older ones and over a ton, it is clear that the current price of megawatt-hours would be additionally burdened with 50 to 60 euros. Coal electricity producers, who come from EU countries, have this additional levy, so their production is not competitive in relation to ours. Therefore, it is clear why this represents a negative impact on the market and distortion of competition for the EU - explains Markovic. Coal electricity producers, who come from EU countries, have an additional levy, so their production is not competitive compared to ours. It is therefore clear why this has a negative impact on the market and distortion of competition for the EU

This issue is important for the EU, our interlocutor emphasizes (not only towards Serbia, but also towards other countries that are not members), for several reasons. Primarily due to the fact that almost half of the total electricity production in these countries is obtained in old and inefficient thermal power plants that burn lignite and coal, despite all the negative effects that this production brings (increased costs, deteriorating air quality and negative effects on public health). This generation is seemingly cheap due to inadequate policies that

cover up the real costs of carbon emissions, while on the other hand they reduce competition and hinder the development of production from renewable sources and the transition to a low-carbon electricity market.

- Exports of electricity produced from lignite and coal from EU member states to the EU undermine European climate policy, while on the other hand, competitiveness in the price of electricity additionally encourages the use of coal and lignite in countries in the region that are not in the EU. Having in mind the increasing integration of the market, the EU will certainly consider the introduction of some measures against unfair competition, which will protect its producers of electricity from fossil fuels, who have the obligation to pay for emissions - states Markovic.

One of these measures could be the introduction of an emissions tax for cross-border trade in electricity. The EU would impose a cross-border carbon tax on electricity exports from countries in the region to EU countries.

Projections made show that such a tax not only increases costs for end customers, but also fails to eliminate the use of fossil fuels in electricity generation and does not affect the establishment of trends of significant and rapid reduction of carbon dioxide emissions in the Western Balkans, said Markovic. We must not overlook the fact that all the countries of the Western Balkans have committed themselves to work on the development and implementation of strategies to improve air quality, build capacity from renewable energy sources, to increase their participation in the electricity mix, to abolish subsidies for coal and, most importantly, to cooperate with the EU to make Europe a climate-neutral continent by 2050, concludes Markovic, Politika reports.