

How much longer will the price of electricity in Serbia be 12 times lower than in Europe?

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Coal and electricity prices continue to rise, in Greece electricity bills have increased by 100 percent, in England the average bill is higher by 60 pounds. Serbia still keeps limited prices of all energy sources, and the price of electricity, as the President of Serbia Aleksandar Vučić stated in Titel a few days ago, is 12 times lower than in Europe. However, how long will the Electric Power Industry of Serbia, which imports electricity every day, and the state be able to keep these limited prices for a long time.

Prof. Dr. Miloš Erić, in charge of European integration at the FEFA faculty, says for "Politika" that he is not sure what price the president meant exactly, because for the average household in Serbia, when excises and VAT are included, the retail price of electricity is around three to four times lower than the average price in the EU. However, it is more realistic to compare ourselves with our neighbors from the EU, such as Romania, Hungary or Croatia, and then that difference is much smaller. The misconception, however, is that we have some magic formula or resources that no one else has, so the price is low. We only pay for it in another way, and not through bills to EPS.

- Due to lower revenues, EPS operates on the edge of profitability (in the best case), and does not have its own money for investments in new capacities or improvement of existing ones. Funds for such projects come from the state budget or foreign loans, which are returned by citizens through taxes. The difference in the price of electricity in the EU and in our country is even smaller when it comes to legal entities and large consumers. Also, we should keep in mind that the energy costs of the average company are a smaller part of the total business costs, there is a much bigger difference, for example, in the average salary in the EU and Serbia, than in the price of electricity - Eric emphasizes.

Asked whether we can keep the limited prices of electricity due to the fact that we have domestic coal, regardless of its quality, prof. Eric answers that coal is not a rare resource, almost the whole of Europe has coal, but not everyone relies on it when it comes to electricity production - maybe the real question is why this is so.

- First of all, we need to think about what to do with coal. We need an alternative. It is clear that in the near future, anyone who produces more energy will be in a good position. We are not. That is why it is so difficult for us to think about shutting down the existing capacities, even though we are aware that they are detrimental to our health. These days, we import about 20 percent of our daily needs. Any accident or worse hydrological conditions can only increase this percentage, and significantly. Already now, the price of electricity is absolutely insufficient to cover the costs of that regular import, as well as the emergency one from the end of last year, when TENT canceled - our interlocutor states.

In January 2021, Serbia spent 151 million euros on energy imports, and almost 450 million this January - that speaks volumes about the situation we are in. We do not pay the

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difference in the deficit of 270 million euros per month through accounts, but in other ways, from the budget, through borrowing, and the like. Figuratively speaking, the bills do not have to increase much or even not at all, if everyone's salaries or pensions will be lower, and that is the choice before us. We will definitely pay for electricity, gas and oil, he emphasizes.

Prof. Eric does not think that the upcoming elections are the main reason for limiting the price of electricity, but every past and future, because, as he says, we have long ago chosen a strategy according to which the price of electricity is what we call a social category, acceptable to make electricity significantly more expensive.

- Doing the opposite is a very unpopular measure that will cost everyone who applies it politically, in this or future elections. Not to mention that many of our fellow citizens will be "pushed" from that edge right into poverty. It is difficult to estimate how we will proceed, because so far this decision was not a consequence of economic trends or electricity prices in foreign markets, but mostly political estimates - I predict, however, that we will face several minor increases in the coming months and years. that change is happening slowly and in phases - Eric notes.

Prof. Dr. Milan Radunović, consultant of EFC Belgrade, says that the sharp rise in the price of electricity is the result of the exclusive reliance on renewable sources, but also poor meteorological conditions that are the basis for production from renewable sources. These first jumps are the result of the decision of the EU bodies, and above all of Germany, as the leader in the implementation of the green transition. At the same time, no one even tried to do a risk analysis of these and such decisions. This wave of transition has spread to Europe and has been imposed on countries dependent on coal-based production. These are primarily relations in the Balkans. It should be borne in mind that in the region are mostly old thermal power plants based on technologies from the beginning of the last century.

- Electricity prices in Serbia are unchanged. However, stock market prices, SEEPEX and HUPEX are still extremely high. The price is maintained by the production from EPS, but with the import from the market. This means that the price in Serbia depends on the share of imports, while the stability is maintained by its own production - he concludes, Politika writes.