



Embassy of the Kingdom of Belgium

*H.E. Mrs. Zorana Mihajlović
Deputy Prime Minister and Minister of Mining and Energy
Vladimira Popovića 40/V
11070 New Belgrade*

Belgrade, February 1st, 2022.

Dear Deputy Prime Minister,

First and foremost I would like to use this opportunity to once again wish you a happy New Year, in good health!

I write in response to your letter dated December 29, 2021, regarding concerns on implementation of the Law on the Use of Renewable Energy Sources (RES Law). I would like to join my voice to that of the European Head of Delegation, Ambassador Giaufret, in his letter addressed to you regarding the same matter.

For Belgium it is equally important to see Serbia progress on its path to decarbonisation of its economy, through a balanced and sustainable energy mix. The role of renewable energy in this approach is essential, in Serbia as well as in the European Union, also in order to collectively face the challenges of global climate change.

For this reason we welcomed the adoption last year of the Renewable Energy Law. It was one of the crucial stepping stones towards fulfilling the conditions for opening the 'Green Cluster' in the negotiation process, at the end of last year. The message in your letter, pointing out the difficulties your Ministry seems to encounter with a view of implementing the Law, gives cause for concern in this respect.

Balancing new renewable energy capacity in a country's electrical system is a challenge that all countries face as we transition to low-carbon energy, as noted in

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the letter of December 23 from the Public Enterprise Electric Power Industry of Serbia (EPS) and the Serbian Transmission System Operator (EMS). In our opinion, the solution to this challenge is not to delay implementing the RES Law or to amend it. Such an action would deal a serious setback to Serbia's energy transition and would communicate a negative message about Serbia's attitude toward potential investors in Serbia's energy sector.

Incorporating renewable energy sources into Serbia's energy mix will be a gradual process requiring years to implement, thus providing EMS and EPS time to adjust. There are numerous technical solutions that can ease the burden of balancing renewable-sourced generating capacity in Serbia's electricity network. Such solutions could include establishing an intra-day energy market or increasing regional integration of power networks. Such solutions would not require amending the RES Law but can instead be implemented at the level of regulations, and in accordance with the EU energy acquis.

As you know Belgian companies are also looking at Serbia's renewable energy market, to explore to what extent they can contribute with their know how and experience to the realization of your ambitious targets. Belgian wind energy producer Elicio is with its installations in Alibunar and full owner of the projects the only EU company with operational wind energy capacity in Serbia. The company has clear intentions to participate in the auctions for future production, and has actively prepared the ground to that effect. You will understand that the present uncertainty about the legislative framework reduces the predictability for Elicio and other potential investors.

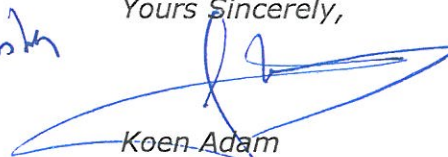
We subscribe to the EU Head of Delegation's call not to reverse Serbia's energy transition, which is essential for its strategic goal of EU integration and to honor its commitments on climate-change mitigation under the Paris Agreement and the clean power goals under the Glasgow Breakthrough Agenda.

I hope you will be able, Madame Deputy Prime Minister, to find a workable and sustainable solution to overcome the immediate problems, and allow Serbia to stay on track in this important agenda.

I am available at your earliest convenience for further discussions about this question, if you would deem this useful for my full information.

Yours Sincerely,

Belgrade



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Ambassador

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