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H.E. Dr. Zorana Mihajlović
Deputy Prime Minister and
Minister of Mining and Energy
Government of the Republic of Serbia

Dear Deputy Prime Minister,

We 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). We thank you for the opportunity to express our support for Serbia's path towards decarbonisation of its energy mix, a top priority for all our governments and the European Union in the face of global climate change.

Balancing new renewable energy capacity in a country's electrical system is a challenge that all our countries face as we transition to low-carbon energy, as noted in the letter of December 23 from the Public Enterprise Electric Power Industry of Serbia (EPS) and the Serbian Transmission System Operator (EMS). However, we stress that 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. We urge that Serbia not reverse its energy transition, which is essential for its strategic goal of EU integration and honoring its commitments on climate-change mitigation under the Paris Agreement, as well as those President Vucic made at COP-26 climate conference in November together with the broader international community by joining clean power goals under the Glasgow Breakthrough Agenda.

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.

The development of the upcoming National Energy and Climate Plan is a centerpiece that should integrate national objectives, as well as policies and measures to increase the share

of renewable sources and balancing capacity. We are prepared to offer technical assistance to the Ministry and public energy companies to design and implement such solutions.

We look forward to continuing cooperation with you and the Ministry of Mining and Energy.

Yours sincerely,

Sian MacLeod

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HM Ambassador