



Европейска инвестициона банка
Evropská investiční banka
Den Europæiske Investeringsbank
Europäische Investitionsbank
Euroopa Investeeringispank
Ευρωπαϊκή Τράπεζα Επενδύσεων
European Investment Bank
Banco Europeo de Inversiones
Banque européenne d'investissement
Banca europea per gli investimenti
Eiropas Investīciju banka
Europos investicijų bankas
Európai Beruházási Bank
Bank Ewropew tal-Investment
Europese Investeringsbank
Europejski Bank Inwestycyjny
Banco Europeu de Investimento
Banca Europeană de Investiții
Európska investičná banka
Evropska investicijska banka
Euroopan investointipankki
Europeiska investeringsbanken

To the attention of:

Mrs. Zorana Mihajlović, Prof, PhD.
Deputy Prime Minister, Minister of Mining and Energy
Ministry of Mining and Energy
22-26, Nemanjina Str.
11000 Belgrade
Republic of Serbia

OPS/MA-3/2022-00787/JP/mm

Luxembourg, 19 January 2022

EIB Corporate Use

Dear Deputy Prime Minister Mihajlović,

We would like to thank you for your letter dated 29 December 2021.

As the EU Climate Bank, the European Investment Bank (EIB) follows closely the regulatory developments aimed at facilitating a swift and just transition towards carbon neutral economy in Serbia and in the Western Balkans.

In this respect, we would like to praise your efforts to support the energy transition and we look forward to the forthcoming National Energy and Climate Plan.

Furthermore, in line with the priorities of the European Green Agenda for the Western Balkans and the guidelines set out in our Climate Bank Roadmap 2021-2025 we are prepared to increase our support to Serbia's energy transition.

In particular, together with the European Union Delegation in Belgrade and as highlighted in their recent letter (see annex) we stand ready to discuss the provision of additional technical assistance aimed at further addressing the challenges that Serbia will face to achieve its ambitious objectives for a climate-friendly and sustainable economy.

The Head of our regional representation in Belgrade, Mr Bragonzi, is available to start immediately discussing the way forward together with your colleagues including on how to successfully address the issue on balancing costs and enhancing the dialogue with other relevant stakeholders.

We would like to reiterate that the EIB remains fully committed to supporting the Republic of Serbia in its energy transition and look forward to continuing our strong cooperation.

Sincerely,

Matteo RIVELLINI
Head of Division

Operations in Croatia, Slovenia and Western Balkans

Alessandro BOSCHI
Head of Division

Renewable Energy, Project Directorate

ANNEX 1 – Letter from EU delegation to Deputy Prime Minister Mihajlović dated 13 January 2022



EUROPEAN UNION
DELEGATION TO THE REPUBLIC OF SERBIA

Ambassador

Dear Deputy Prime Minister,

Dean Minister Mihajlovic,

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). Thank you for the opportunity to express our support for Serbia's path towards decarbonisation of its energy mix, a top priority for 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 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*.

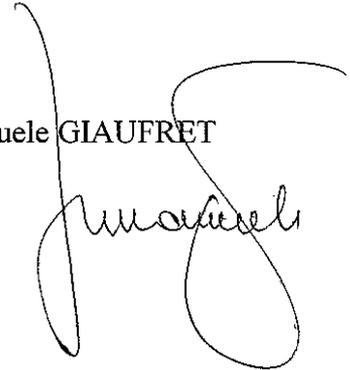
H.E. Zorana Mihajlovic
Deputy Prime Minister and Minister of Mining and Energy
Government of the Republic of Serbia

The development of the upcoming National Energy and Climate Plan is a centrepiece 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.

With best wishes
for the new year

Yours sincerely,

Emanuele GIAUFRET

A handwritten signature in black ink, appearing to read 'Emanuele', written over the printed name.