



H.E. Mrs. Ana Brnabić  
Prime Minister of the Republic of Serbia

H.E. Mrs. Zorana Mihajlović  
Deputy Prime Minister of the Republic of Serbia

14 January 2022  
RS-MC/O/01/14-01-2022

**Subject: Implementation of the Law on the Use of Renewable Energy Sources**

Your Excellency,

It has been brought to our attention by national and international stakeholders in the Serbian renewable energy sector that two public companies, the transmission system operator Elektromreža Srbije (EMS) and the generation and supply company Elektroprivreda Srbije (EPS), supported by the Energy Agency of the Republic of Serbia, have approached your Government with the request to postpone the implementation of the Law on the Use of Renewable Energy Sources and consider amendments to a number of articles.

We are afraid that accepting requests for a delay in implementing or amendments of the Law, a carefully drafted and well-balanced piece of legislation, may be perceived as renegeing on the achievements made, and chill investor confidence in the Serbian renewable energy sector.

The new legal framework for renewable energy sources replaces long-term administratively determined feed-in tariffs by a flexible and market-based regime and as such provides the basis for an increase of the share of renewables in the Republic of Serbia at lower, competitive prices. We have worked closely with your Government in drafting the Law in a process which involved all stakeholders, including EMS and EPS. What has been adopted by Parliament follows recommended European and global standards, and stands out among Energy Community Contracting Parties. The interest of, and support by, national and international investors testify to that.

An increased share of domestically produced renewable energy will make the power system of the Republic of Serbia more sustainable, reduce pollution and help fight climate change. The Law on the Use of Renewable Energy Sources lays the legislative foundation for scaling-up renewable energy in Serbia, and will therefore be critical for achieving the green transition of the energy sector of the country. We therefore stand fully behind its implementation along the timeline set out at its adoption and continue supporting your Government in this respect.

We consider it quite natural that in the course of drafting the necessary by-laws for implementing the new legislation, different stakeholders formulate different interests which need to be reconciled. Concerns about system stability and reserves, and the allocation of balancing responsibility are not unique to the Republic of Serbia, but have been raised and solved in many countries before. Our organizations stand ready to provide technical and impartial support for a constructive way forward.

While scaling up renewable energy sources poses challenges for their successful integration, these can be addressed through measures that have successfully been implemented in other countries.



The argument that in well-developed electricity markets, balancing responsibility can and should be borne by the producers and not the off-taker has merit. To allow producers to assume balancing responsibility and efficiently manage the associated risks, the standard in European law and practice is the existence of a liquid intraday-market. Such a market has not yet been established in the Republic of Serbia, although it is envisaged by the new Law on Energy. Moreover, balancing costs can be lowered through better forecasting and regional reserve cooperation. We are ready to support all stakeholders in discussing the most appropriate approach to the concerns raised, and to reflect the solutions in the legislation and further policy development. At the same time, investments in the network needed to comply with national legislation are the responsibility of the transmission system operator and subject to cost-reflective tariffs and connection charges set by the regulatory authority.

To address all issues raised, we will reach out to the Deputy Prime Minister and Minister of Mining and Energy, to agree how best we can provide technical assistance and convene stakeholders for a discussion of next steps that will allow implementation of the Law on the Use of Renewable Energy Sources to move forward.

Please accept, your Excellency, the assurance of our highest consideration.

A handwritten signature in blue ink, appearing to read "Artur Lorkowski".

Artur Lorkowski  
Director  
Energy Community Secretariat

A handwritten signature in blue ink, appearing to read "Matteo Colangeli".

Matteo Colangeli, Director,  
Regional Head of Western Balkans  
European Bank for Reconstruction  
and Development

A handwritten signature in blue ink, appearing to read "Nicola Pontara".

Nicola Pontara  
Country Manager  
The World Bank