

Policy Reforms to Promote Energy Efficiency and Renewable Energy Investments in Serbia

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Summary of barriers to the implementation of energy efficiency and renewable energy projects in Serbia

Legal, institutional and administrative barriers

- Authorization procedures for renewable energy projects are complicated and cumbersome.
- Land ownership issues are complicated and can hinder the project planning due to long appeal periods.
- Dedicated laws supporting energy efficiency and renewable energy sources are still under development.

Economic and financial barriers

- The absence of public funding dedicated to energy efficiency and renewable energy projects constitutes a strong barrier.
- Electricity and heat prices are very low and below profitability values.
- There are no financial incentives in place for energy efficiency.
- No feed-in tariff for support of electricity generated from renewable energy.
- High cost of capital in case of funding by commercial banks

Lack of awareness, human capacities and professional skills

- Lack of qualified human resources appears to be a major barrier throughout the entire public administration in Serbia.
- In the private sector technical skills are available; however, there is a reported lack of experience in the preparation of bankable projects to be submitted to funding institutions.
- Commercial financial institutions are mostly not involved in activities related to energy efficiency and renewable energy sources and do not consider these subjects as possible business lines.

Activities aimed at overcoming the identified barriers

Adoption of the support mechanism for RES electricity generation

Adoption of the Energy Efficiency Action Plan

Adoption of the Law on spatial planning and construction

Preparation of the Law on the Rational use of Energy



Adoption of the support mechanism for RES electricity generation

Program for the Implementation of the Energy Sector Development Strategy of the Republic of Serbia 2007–2012 (Amendments and supplements – December 2009– Official Gazette RS 99/09; April 2010– Official Gazette RS 27/2010)

Decree on Conditions for the Award of Privileged Electricity Producers and on the Criteria for Compliance with these Conditions (Official Gazette RS 99/09)

Decree on Incentive Measures for Electricity Production from RES and Combined Electricity and Heat Production (Official Gazette RS 72/09)

RES sources which are supported

- Small hydro power plants – up to 10 MW capacity,
- Biomass,
- Biogas,
- Landfill gas,
- Wind energy,
- Solar energy,
- Geothermal energy

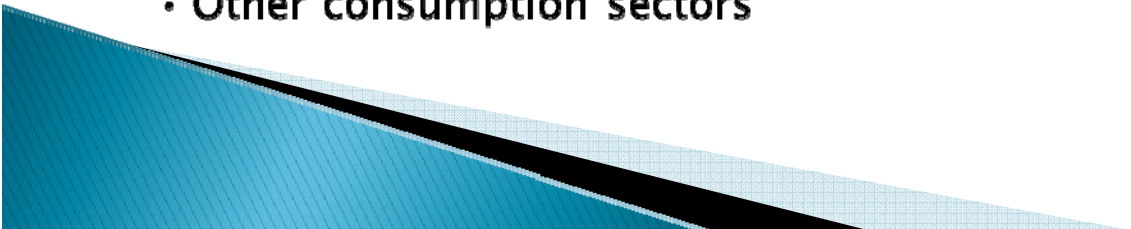
Purchasing electricity price from these sources amounts to 5,9 €cent – 23 €cent

Preparation of the Law on the Rational use of Energy

Targeted Production Sectors

- Production and distribution of heating energy;
- Production, transportation and distribution of electrical energy and
- Other sectors of production, transportation and distribution of energy

Targeted Consumption Sectors

- Households;
 - Building stock;
 - Industry;
 - Communal services;
 - Transportation;
 - Other consumption sectors
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Subject of the Law on the Rational use of Energy

Types and procedures of establishing **long term national programs** of rational use of energy

Labelling of the energy efficiency levels and establishment of **minimum energy efficiency standards** (minimum efficiency requirements)

- **Appliances, equipment, buildings and transportation vehicles;**
- **Production, transportation and distribution of electrical and heating energy, as well as fluid transportation**

Energy auditing and energy auditors

Energy management

Economical and financial incentives for the implementation of projects for efficient use of energy

Long term national programs of rational use of energy

In accordance with Energy Sector Development Strategy Serbian Energy Efficiency Agency (SEEA) prepared

Program for education of young people about rational use of energy

Program for information and increasing the awareness of citizens about the importance and measures that could be undertaken to reach the target of rational use of energy

Programs for increasing energy efficiency of a large number of consumers

- Increasing EE of:
 - Existing dwellings;
 - Households;
 - Public facilities;
 - Transportation sector;
- Promotion of Combined Heat and Power production
- Introduction of new technologies and materials

Energy Efficiency Labeling of the Household Appliances and Buildings

Introduce energy
Labeling of household
appliances in line with
the Council Directive
92/75/EEC

- Government, based on the Ministry's proposal, prescribes the types of household technical appliances and equipment, whose energy efficiency should be labelled.
- Provide minimum efficiency requirements of appliances and equipment
- Ways of labelling and design of the labels,
- Obligatory technical documentation etc.

Introduce energy
Labeling of Buildings in
line with the Directives
2002/91/EC
2006/32/EC

- Minimal efficiency requirements of new and reconstructed buildings
- Methodology for determining the energy class of buildings
- Introduction of consumption based billing, setting of deadlines to local governments for adoption of new tariff systems

Minimal Standards in Production, transportation and distribution of electrical/ heating energy

Setting of minimal energy efficiency standards for new and revitalized plants (depending of the type and age of the plant) for production, transport and distribution of:

electrical energy
heating energy

Applications for obtaining construction permit, must contain Report about the energy efficiency of the plant, as integral part of technical documentation

The losses higher than maximum allowed should not be used for determining the prices of particular tariff elements in tariff systems for transmission and/ or distribution of electrical energy, or distribution of heating energy.

Applications for issuing energy permits for construction of new or revitalization of existing plants for production of heating or electrical energy should contain, in the scope of analysis of the plant energy efficiency, consideration about the possibility of the application of CHP energy production in the particular case. This should be also presented in the Report related to the construction of energy facilities.

Regular control and inspections of boilers and fireplaces combustion processes with installed power above 500 kW

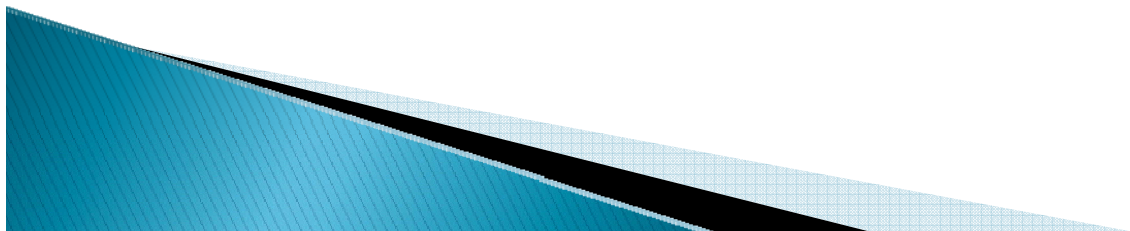
Mandatory Energy Auditing and Energy

Sets obligations for performing regular energy audits

Defines the scope of the energy audit

Audits are mandatory for the following users

- **Buildings, facilities or plants whose owners apply for obtaining subventions or other financial incentives for implementation of energy efficiency projects**
- **Public utilities on the state, provincial, city and municipal level, buildings of institutions which are partially or fully financed through the state, provincial, city or municipal budget, in the case that the total annual energy consumption of such building is higher than denoted values**
- **Commercial buildings, facilities and plants of the companies or other legal bodies, as far as the total annual energy consumption of those buildings, facilities or plants is higher than denoted values, including those obliged to introduce energy management**
- **All buildings planned for reconstruction**



Energy Management

The introduction of Energy Management is compulsory for:

- Companies with the activities in the production sector – final energy consumption above a determined threshold
- Companies with the activities in the trade and services sector – final energy consumption above determined threshold
- Municipalities that have number of inhabitants higher than 30000
- Publicly owned and funded buildings and other facilities

Designated energy consumers are particularly obliged to

- Implement energy efficiency measures
- Increase energy efficiency in the scope denoted by the Government of Republic of Serbia
- Appoint necessary number of energy managers or energy officers,
- Submit annual reports to the Ministry

Incentives

Energy Efficiency Fund

- Soft loan or subsidies
- Total amount of subsidies can not be higher then 50 % of predicted investments

Financial facilities related to the taxes, customs etc.

- Decrease VAT for the energy efficient equipment, materials, appliances and technologies
- Decrease companies' income taxes for the amount invested in energy efficient equipment, materials, appliances and technologies, as well as energy efficiency projects

Conclusions

Adoption of the feed in tariff for RES

Work on the preparation of the new Law on the rational use of energy which incorporates many recommendations identified such as:

- Introduction of consumption based billing for DH
- Establishment of a support mechanisms
- Capacity building of technical personnel
- Defining long term awareness raising programs etc.

THANK YOU FOR YOUR PATIENCE

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