

## A large number of SHPPs in Serbia were built without nature protection conditions

Small hydropower plants in Serbia are part of a wider story that has swept across the Balkans. In the last 20 years, hundreds of plants have been built in the Danube basin, from Romania in the east to Albania in the west, as well as from Northern Macedonia in the south to Slovenia in the north, including EU members and countries aspiring to become so. Approval to encourage small hydropower plants has just come from Europe. The goal was to encourage a “green” alternative to coal, which is the dominant fuel for electricity production in this area. European banks offered loans to investors for renewable energy projects, while states provided subsidies to encourage private companies to invest in the sector. However, in many of these countries, environmental laws have been weak or poorly enforced. The combination of state subsidies and loose regulation has led to the expansion of the construction of small hydropower plants, with nature protection finding itself on the path to profit. Such plants were mostly built in remote mountainous areas with fast streams that were ideal for electricity generation. Pipes, concrete and turbines have found their place along untouched rivers, encroaching on national parks, nature reserves and habitats of endangered indigenous species in this area, such as the Balkan lynx and Danube salmon. BIRN’s research shows the paradox of European support for Balkan renewable energy projects, which have done the opposite instead of conserving nature. Nature protection conditions, which should be a precondition for construction, have often been ignored or obtained in passing, as evidenced by the case of the construction of a small hydropower plant that BIRN dealt with.

“The legal framework provided an opportunity for such projects (small hydropower plants) to be adequately prosecuted, to implement all protection measures and to prevent those that were harmful, but in some or most cases this was definitely circumvented, avoided,” he explains to BIRN Goran Sekulic, former Assistant Director in the Research and Development Sector at the Institute for Nature Protection of Serbia, the institution in charge of issuing decisions on nature protection conditions. The documentation obtained by BIRN shows that at least 24 small power plants, out of a total of 116 that were part of the state electricity generation system in 2019, were built without this document – on average, every fifth power plant does not have nature protection requirements. Institutions have so far not dealt too much with this issue. Due to the suspicion that they illegally obtained building permits because they did not have the conditions for nature protection, the Ministry of Construction, Transport and Infrastructure analyzed three out of a total of 24 cases found by BIRN. In no case was there any further prosecution.

The motive for investors to enter the SHPP business is the subsidies better known as feed-in tariffs, which states use to attract the private sector to invest in renewables. The state

guarantees that the electricity produced in such plants will be purchased at a fixed price for a certain period of time - in Serbia it is 12 years. In the last ten years, the damage to nature has become more and more obvious in Serbia, and in the entire region, people have complained about the drying up of streams and fields, as well as the fact that construction works have destroyed parts of untouched nature. Anger over the damage prompted local environmental movements, farmers and representatives of rural local communities to protest on the streets of Belgrade. The Energy Community has called on countries in the region to abolish subsidies, while European banks have tightened rules for financing renewables.

The responsibility for the fact that these power plants were built without a decision on the conditions is shared by local governments and several state institutions. In September 2019, the President of Serbia, Aleksandar Vucic, responded to the pressure of environmental activists by promising to form a special commission that would review small hydropower plants in the country built in the last ten years. In October 2020, BIRN sent questions to Vucic's cabinet, but did not receive an answer.

Janez Kopac, director of the Secretariat of the Energy Community, emphasized that the ultimate responsibility for environmental protection lies with Serbia.

Although at the center of Serbia's renewable energy strategy, small hydropower plants have not produced nearly enough electricity to help meet their obligations to the Energy Community. However, they paid off for investors. CINS research shows that in the period 2013-2019, 105m euros paid to owners of small hydropower plants in Serbia. The money came from citizens who paid a special fee for renewable energy sources through electricity bills. The money went to the owners based on the feed-in tariff. According to Godzimirski of the Norwegian Institute of International Affairs, tariffs play a vital role in developing renewable energy capacity - protecting investors from fluctuating energy prices.

"When you want to decide whether to invest in a small hydropower plant or a wind farm, you need to know that you will get a good return on investment," he told BIRN. "A stable agreement with the national grid, which allows you to sell energy at a certain price, greatly facilitates your investment decision."

Guaranteeing a stable return on money over a long period of time can make a license for renewables the subject of speculation. The confidential diplomatic dispatch of the American embassy in Belgrade alludes to the lively trade in licenses in 2009 - at a time when Serbia was laying the foundations of this sector. The dispatch, published on WikiLeaks, cites an interview with officials from the European Bank for Reconstruction and Development (EBRD), which helped raise funds for renewables. The authors of the dispatch quote

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representatives of the bank as warning that the renewables market “has maintained a quality like gold rush, with many small investors trying to get licenses in the hope of selling those rights to other investors quickly.”

There is no evidence that corruption has occurred in the case of the small Seoce hydropower plant, nor in the overall management of the Serbian government’s renewable energy sector. However, there are cases where feed-in tariffs provided an opportunity for corruption.

Source: detektor.ba