

International environmental organizations are in favour of abolishing incentives for the construction of SHPP in Serbia

WWF Adria, a regional subsidiary of the World Wide Fund for Nature, one of the most important international environmental organizations, called on the Government of Serbia to seize the opportunity and exclude incentives for SHPP from future legislation, to which experts, civil society organizations and local initiatives across the country point out. On January 16, 2020, the Ministry of Mines and Energy announced that the Decree on Incentive Measures for the Production of Electricity from Renewable Sources, which purchases electricity from such sources and from SHPP at preferential prices, has ceased to apply.

Price too high

According to WWF Adria, analyzes have shown that there are no expected results of SHPP and that the chosen model is inefficient. An analysis of the socio-economic justification of the incentive measures for SHPP, made for WWF Adria by economic expert Damir Miljevic, showed that “there are no social or economic reasons why it should continue to encourage the construction of small hydropower plants”. The study states, among other things, that the share of electricity produced in 85 existing SHPPs in Serbia is only 0.76 percent of the total electricity generated in 2018. It follows that, while Serbia has made significant efforts to amend the law and provided a number of high incentives for production at SHPP, it will not reach the goals set by the 2020 Energy Development Strategy. According to the study, “this indicates that the model chosen and the way to stimulate renewable energy production was inefficient, especially given the fact that solar and wind production was limited by annual quotas, as opposed to SHPP production. “. The data from the study indicate that SHPs do not play a significant role, nor can they contribute to the development of the power system of Serbia, while having a very detrimental effect on nature and biodiversity compared to other renewable energy sources, so the question arises – for whom was this incentive system designed? The analysis also showed that the incentive purchase prices in Serbia are higher than the market prices on the stock exchanges by 91 percent up to 2.7 times, which raises a serious question of the rationality of the Government’s decision to buy electricity from SHPP at these prices, since it would be more rational to buy it in the free market.

Loss for society, benefit for investors

- It is clear that the social benefit from the electricity produced in SHPP is not great. Moreover, when the line is drawn, the existing incentive model brings losses for the entire society. While the citizens of Serbia are losers under this model, the biggest winners are investors in small hydropower plants and financial institutions that provided the funds to

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build them. They bear no financial risk because the state guarantees them the purchase price of electricity for a period of 12 years – they point out in WWF Adria.

Irreparable consequences

Bankwatch, one of the largest international environmental organizations operating in Central and Eastern Europe, believes that the incentive for SHP should be abolished.

- Given the financial damage that SHPPs cause to citizens and the irreparable impact on nature and biodiversity, the existing model of incentives for electricity produced by SHPPs needs to be permanently abolished, and any future incentives should be directed towards other renewable energy sources, such as wind and sun – says Igor Vejnović from Bankwatch.

Stop harmful regulations

The latest WWF Adria initiative is a continuation of the activities of civil society organizations which sent Prime Minister Ana Brnabic an open letter late last year calling for changes to the regulations and the exclusion of SHPP from the incentive system, and the formation of a working group that would be involved in preparing amendments to the Energy Law .

- It is time for the Government to accept the facts and stop the harmful regulations when it comes to SHP. The last ten years have witnessed the systematic devastation of nature and rivers across Serbia, all to the benefit of a small number of eligible individuals and financial institutions. Because of all this, the WWF has launched a campaign to stop the incentive system in Serbia, as well as in other countries in the region, to end ecocide and protect the last free-flowing rivers in Europe. Although we all have the right to a preserved nature and a healthy environment, our natural resources are being systematically destroyed, which few countries in Europe can boast of – concludes Natasa Milivojevic of WWF Adria.

Small benefit, large damage

Data from the WWF study indicate that SHPs do not play a significant role, nor can they contribute to the development of Serbia's electricity system, but at the same time have a very detrimental effect on nature compared to other renewable energy sources.

One Mini-hydro power plant destroys three kilometres of river

Goran Tokic, a Bachelor of Electronics Engineering at the Faculty of Electronic Engineering in Nis and activist of the “Defend the Stara Planina Rivers” (ORSP) movement, explains that



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for an average 0.2 MW SHPP it is necessary to install pipes of at least two to three kilometers and direct the river to of them, which means that from 100 to 300 kilometers of rivers will be destroyed for 100 SHPPs with only 20 MW of electricity.

- And this small amount of electricity produced by SHPP is even smaller during summer and winter when Serbia needs electricity most - says Tokić.

Source: blic.rs