

Serbia should ensure that the provisions of the Environmental Impact Assessment Directive are applied in practice, with particular regard to the provisions on public participation and access to justice, states the latest 2015 Energy Community Implementation report for Serbia.

Serbian power utility EPS has nine thermal power plants falling under the scope of the Large Combustion Plants Directive with a total of 21 units and a total rated thermal input of 13,943 MW. 18 units are fired by lignite while three are running on natural gas.

Currently, emissions of large combustion plants are regulated by the Regulation on the Emission Limit Values of Polluting Substances to Air adopted in 2010 and amended in 2011. This Regulation partially transposes the Large Combustion Plants Directive and contains detailed technical requirements for large combustion plants, including emission limit values and monitoring standards. In September 2014, a legal gap analysis of existing Serbian legislation in comparison to Chapter III of the Industrial Emission Directive was carried out with EU Instrument for Pre-Accession Assistance (IPA) and a transposition plan was developed as follow-up. The plan provides for a two-step transposition of Chapter III of the Industrial Emission Directive into national legislation, firstly by transposing the provisions of the Large Combustion Plants Directive via a new Regulation (to be adopted in the course of 2015) and then Chapter III of the Industrial Emissions Directive by mid-2017 via amendments to the new Regulation.

The implications of implementing the Large Combustion Plants and Industrial Emissions Directives were reflected in the scenarios of the draft Energy Development Strategy of Serbia by 2025 with projections until 2030.

Serbia is preparing and planning to adopt a National Emission Reduction Plan under Article 4(6) of the Large Combustion Plants Directive, as adapted by the Decision 2013/05/MC-EnC of the Ministerial Council. According to the confirmation ESIASEE received from the spokesperson of the Energy Community, certain large combustion plants in Serbia may make use of the opt-out provision provided by the Decision of the Ministerial Council. In practice, this means that thermal power plants subject to the opt-out regime can remain operational for a maximum of 20,000 operational hours between 1 January 2018 and 31 December 2023 without meeting the emission limit values of the Directive.

As local Serbian media reported earlier TENT A 1 and A2, Kolubara and Morava power plants may be the first in row to decrease its operational capacity but also first planned units for decommissioning before 2020/2024.

The emission limit values of the Decree on the Emission Limit Values of Air Pollutants are aligned with those of the Large Combustion Plants Directive. During the last reporting

period, Serbia continued with important steps in order to prepare for the implementation of the relevant provisions of the Large Combustion Plants and Industrial Emissions Directives which is crucial to the implementation of these pieces of the environmental acquis. These efforts form a reasonable basis to ensure that the provisions of both Directives (as adapted by the Decision of the Ministerial Council) are implemented by the deadline set by the Treaty, i.e. 31 December 2017.

Serbia must continue its efforts for the preparation of implementing the Large Combustion Plants and Industrial Emissions Directives. In this regard, the adoption of the amendments to the Decree on the Emission Limit Values of Polluting Substances to Air and the National Emission Reduction Plan are of primary importance. Furthermore, operators of combustion plants need to bear in mind the deadline of end-2015 should they want to subject their plants to the opt-out rules.

With regard to the implementation of the Sulphur in Fuels Directive, the Secretariat in 2013 launched an infringement procedure against Serbia. This procedure concerns the production of heavy fuel oil and gas oil and therefore it has direct implications on the activities of NIS (GazpromNeft Oil), the operator of the Pančevo refinery. While the Rulebook on Technical and Other Requirements for Petroleum-Derived Liquid Fuels contains a description of different types of heavy fuel oil, it is not in line with the definition set out by the Directive. Furthermore, the maximum sulphur content of certain fuel categories (HFO-S and HFO-T) are above 1% by mass which constitutes a breach of the Directive. As regards sampling and analysis, the Secretariat concluded that the standards referred to by the Serbian legislation cannot be considered as equivalent to the ones required by the Directive. The position of NIS remains unclear on this case, however, such a situation is surely not in line with green policy of NIS or the EU policy promoted by the company.

In the meantime, Serbia has addressed one of the shortcomings related to the transposition and implementation of the Sulphur in Fuels Directive, namely by banning HFO-T. Other breaches, i.e. those related to the definition of fuels, HFO-S as well as sampling and analysis still persist, although an article of the recently adopted Energy Law establishes a legal basis for the creation of monitoring systems for the quality of liquid fuels. In order to address these shortcomings, the Energy Community Secretariat is currently preparing a Reasoned Opinion against Serbia.

As confirmed by Energy Community Secretariat, Serbia must achieve complete transposition into national legislation and effective implementation of the Sulphur in Fuels Directive. This concerns in particular the provisions in the Rulebook on Technical and Other

Requirements for Petroleum-Derived Liquid Fuels related to HFO-S and the monitoring rules. Despite the minor achievements such as the creation of the legal basis for monitoring systems, most of the Secretariat's concerns remain valid and therefore infringement action needs to be continued until the breaches are rectified.