

Prosumer and other novelties

The new law on renewable energy sources brings many novelties, not because it is new but because it really represents a progressive framework for the implementation of modern trends in the context of the development of the RES sector. We will look at some of the positive innovations in the law. One of them is the introduction of the term prosumer in energy legislation. In other words, this novelty opens energy markets to citizens to become producers of electricity from RES themselves. Quite unexpectedly, a significant part of the public debate was dedicated to the topic of prosumer, and thus to its translation into Serbian. Thus, one state official came up with – as he himself explained – the jovial term in Serbian “prokupac”, with an obvious reference to the well-known autochthonous grape variety from Prokuplje (Prokupac). In addition to the poignant associations with the definition of prosumer, one important novelty in the context of citizens is the introduction of the model of energy communities.

Energy communities are a special model that offers citizens the opportunity to pool resources and invest in joint energy projects. The new law – by opening the energy market for citizens to become producers of electricity from RES – represents a significant step forward in the democratization of the energy sector. By comparison, in Germany, one third of the total RES capacity is owned by citizens, individuals or energy cooperatives. Citizens – either as individuals who will install small solar power plants in their households, or by launching energy cooperatives – are recognized at EU level as an important part of the puzzle in achieving the energy transition goals. To encourage citizens’ investment in RES, the new RES Law provides for a feed-in tariff model for the development of projects up to 500kWh with the exception of wind energy projects financed up to 3MW. This model is almost identical to the model used in Germany for the development of RES owned by citizens.

Jovanka Atanacković from the sector for green energy at the Ministry of Energy, stated that with such incentives, the investment in a solar power plant of 50 kWh will pay off within seven years. However, the story has been a little different in practice so far. Only to collect the necessary documentation needed to obtain a permit to install a solar power plant on its roof, the citizen had to spend more than a thousand euros on a process that involves months and months of struggles with various EPS directorates in charge of including the solar power plant.

What is most important in the context of the new law, and not mentioned in the public debate, is the amount of quotas that will be available to citizens and energy communities to

obtain the position of a privileged producer. So far, the quotas of privileged producers for systems up to 30kWh were a miserable 2 MW, which roughly means that a total of some five hundred households with solar power plants with a capacity of 4kWh could be connected to these quotas. Quotas for individuals and energy communities are a key segment, because it actually depends on how much the energy market will be open to citizens, and how quickly investments will take place in reality. If the quotas for citizens are small, the increase in RES capacity in the state energy mix will be small, and vice versa, large quotas mean more RES capacity owned by citizens. In addition to opening the energy market for citizens, it is important to mention changes related to energy efficiency of houses and buildings. Serbian households consume on average four times more energy than EU-level households. To encourage the solution of this big problem, the ministry announced the opening of a special energy efficiency fund that will subsidize individuals who want to invest in raising the energy efficiency of their homes. The Energy Efficiency Fund will be partly focused on socially endangered sections of the population. The plan of the Ministry of Energy is to direct one hundred million euros to that fund, which is a really modest figure considering how many facilities in Serbia, public or private, are crying out for repairing the problem of energy inefficiency.

A panacea

Although the new law seems ambitious in terms of enabling a stronger and faster development of the energy transition to RES in Serbia, it is not a panacea for the entire energy, economic and social issues related to the energy transition. Energy transition is not just RES and energy efficiency, but its main goal - in addition to limiting global warming and climate change - is to transform the entire economy towards green jobs and a healthier environment. The main neuralgic point in the Serbian energy sector, which stands in the way, is solving the problem of thermal power plants, which pollute on average six times more than allowed by domestic and international laws. The point is very clear. Without shutting down thermal power plants in the foreseeable future, there is no talk of an energy transition. In addition, in 2019, the Energy Community published a report that the Government of Serbia subsidizes those same thermal power plants abundantly with hundreds of millions of euros a year. Thermal power plants in Serbia are also a kind of Pandora's box, because their shutdown also raises the question of what to do with workers who work in the fossil industry, such as miners. By comparison, Germany has spent 17 billion euros over the past 15 years in the process of shutting down the mining industry in the Ruhr region to provide 37,000 miners with an early retirement program for older miners

and a retraining program for younger miners to work in other sectors. . Part of these costs is also focused on the rehabilitation of mines in order to revitalize the environment. So, the volume and amount of investments needed to finance the energy transition are huge. After all, all those expenses are paid by the citizens out of their own pocket.

Earlier this year, the government increased the fee in electricity bills 5 times for electricity production from RES. Although increasing the fee is a problem for the budget of citizens, especially the poorer ones, greater investments in the energy transition are a necessity. A far bigger problem with the energy transition in Serbia is that this Government has not built the consent of the society related to the financial burdens that the citizens will have to bear in order for the transition to a low-carbon economy to take place. If the state does not have a strategy for shutting down thermal power plants, a strategy for solving the problem of working in fossil industries, if it still financially subsidizes environmentally destructive projects, such as mini-hydro power plants, which cause great damage to local communities, then energy transition in Serbia does not achieve its fundamental goal. it is the improvement of the quality and living conditions for all citizens of Serbia. The adoption of a new law on RES - which, by the way, is progressive and innovative - is just a drop in the ocean for solving the problem of the rotten energy sector in Serbia. First of all, a comprehensive strategic vision of the transformation of the economic system towards decarbonisation is needed, as well as the political will and commitment to make it a reality. And then, a comprehensive dialogue with citizens and workers, who must push the realization of the energy transition over their backs. Hand on heart, it is possible that it is still too much for this government.

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