The Energy Community Secretariat assessed the current status of financial liquidity of the electricity sector, compiled information about support from international financial institutions and commercial banks and measured taken by energy regulators to address the ongoing issues.

The measures taken to contain the COVID-19 crisis have led to a persistent decrease in electricity supplier income due to non-payment of electricity bills in the majority of Energy Community Contracting Parties, putting pressure on the financial liquidity of utilities and market participants throughout the electricity supply chain. The drop in the collection rate ranged from 10 to 30 % in March 2020 in most of the Contracting Parties, with Kosovo and North Macedonia the hardest hit. Preliminary data for April 2020 show a further sharp decline.

In the coming months, electricity companies are expected to face additional pressure in their efforts to maintain financial liquidity due to decreased revenue and cash-flow because of non-payment and waiving of interest, lower consumption and a shift from commercial to residential consumption where electricity prices are often lower. In several instances, the pressure on working capital and lack of clarity on the distribution of the incurred loss of revenue gave rise to suppliers to activate force majeure provisions in their contractual arrangements with other market players

On the other hand, strong pleas by the prime ministers and suppliers for customers to pay their electricity bills helped keeping the payment rate high in Georgia, while it started to increase after an initial drop in Albania.

Suppliers that are facing an immediate risk of insufficient working capital have either entered into negotiations with commercial banks and/or international financial institutions (IFIs) for additional loans or with their governments to receive support either directly or as guarantor for commercial loans. The Secretariat has held calls with the international financial institutions active in the Energy Community and the European Commission to exchange views on the assessment of the impact of the COVID-19 crisis on the liquidity of energy utilities and local commercial banks as well as the resulting implications on the ongoing and future investments in the energy sectors.

It became clear that the ongoing investment projects in large energy infrastructure, energy efficiency and renewable projects may be delayed because of supply chain disruptions and clients not being able to repay loans due to loss of revenues. In its report, the Secretariat assesses projects implemented by SMEs and households as the most vulnerable. The liquidity of local commercial banks through which IFIs disburse many of the investment credit facilities does not seem to pose an immediate problem if the payment delays are

limited in time. The IFIs and the European Commission were unanimous in highlighting that energy sector reforms and the green agenda must continue.
Source: serbia-energy.eu