

ENERGY SECTOR

SERBIA

JPM

JANKOVIĆ POPOVIĆ MITIĆ

2020

Contents	
Introduction	3
Renewable energy sources	4
Electricity	8
Gas	10
Oil	13
On requirements for conducting energy activities - licences	

Disclaimer:
The sole purpose of this publication is to provide general information about specific topics. It makes no claims to completeness and does not constitute legal advice. The information it contains is no substitute for specific legal advice. By this, readers are instructed to request the specialist advice on particular issues emphasized herein and to verify above introduced statements before relying on them.
If you have any queries regarding the issues raised or other legal topics, please get in touch with your usual contact at JPM Jankovic Popovic Mitic.

INTRODUCTION

The energy sector is one of the strategic areas for Serbia's future development. For that very reason, energy has become one of priority topics over the past few years. The energy field was one of the few industries in Serbia that showed growth, giving rise to the Government's projection for increase of the current growth of 1 - 2% to 3 - 5% from 2016.

Working towards this goal, in 2002 the Serbian Government adopted the Energy Sector Long-Term Development Strategy of Republic of Serbia through 2015. The global objectives of this Strategy arose from the intent, in the new circumstances in the country and its surroundings, and within the selected priority development activities within the energy system, to establish qualitatively new conditions for work, conducting business and development of the energy production and energy consumption sectors, which would stimulate the economic development of the country, environmental protection and international integrations, including acceleration of Serbia's acceptance into the European Union. Namely, apart from by local strategic acts, the strategic direction for development of the energy Sector in the Republic of Serbia is also determined by internationally undertaken obligations, with particular emphasis on membership in the Energy Community and the process of accession to the EU. The Energy Community Treaty, signed in 2006, is the first treaty between the Republic of Serbia and the European Union under which Serbia undertook the obligation to implement EU regulations.

The Draft Energy Sector Development Strategy of Republic of Serbia through 2025 with projections through 2030 is intended to provide the direction for market restructuring and technological modernization of the energy sector in order to better prepare for the period of increase of general demand for goods and services.

As for the possibility of using nuclear energy, the Draft Strategy has assessed that, even though the Law on Prohibition of Constructing Nuclear Power Plants is still in force, the construction of nuclear power plants should not be completely discounted as an option, given the ecological restrictions for generating electricity and the future needs. It is estimated that the minimum period necessary to overcome the problems and deficiencies, from the moment of lifting the prohibition on construction of nuclear power plants to the deployment of such a power plant in Serbia, would be 10 to 15 years.

Moreover, there is currently no regulatory and administrative framework in place to regulate the construction and operation of such plants. One problem stated with regard to construction of a nuclear power plant is that Serbia lacks both the scientific and the professional personnel needed for construction and operation of such a plant, and educating such personnel has been discontinued.

The situation with regard to the administrative and regulatory aspect and the scientific and professional aspect is similar in the case of treatment of highly radioactive waste and used nuclear fuel, states the Draft Energy Sector Development Strategy. The Draft Strategy further cautions to bear in mind that this is energy based on imported fuels. The preparation of the Energy Sector Development Strategy of Republic of Serbia through 2025 with projections through 2030, is currently in the second phase, and it is expected to be adopted during 2015.

The group of regulations governing the energy field includes: the Energy Law, the regulations accompanying this law, the Energy Sector Development Strategy of Republic of Serbia, the Program for implementing the Energy Sector Development Strategy of Republic of Serbia and other regulations relating to energy licences, licences to conduct energy activities, connecting facilities to networks, etc.

The Energy Law specifies that the Energy Agency is to act as regulatory body with competences in the sectors of electricity, natural gas, oil and petroleum products, as well as heat energy generated in cogeneration plants (CHPs).

The Energy Sector Development Strategy of Republic of Serbia is based on the four types of energy engagement that it shapes and regulates by its plans and acts.

These are:

1. Renewable energy sources
2. • Electricity
3. • Gas
4. • Oil

I. RENEWABLE ENERGY SOURCES

Renewable energy sources are sources that are found in nature and can fully or partially be naturally replenished. The most important renewable energy sources are:

- Wind power
- Solar energy
- Bioenergy
- Hydropower

The issue of renewable energy sources is very current in all developed countries. There are numerous advantages to using such sources, for instance they are more environmentally friendly than conventional sources, particularly with regard to air emissions, and emissions from renewable energy sources are much more short-lived than those from fossil-fueled plants. Namely, combustion of fossil fuels releases large quantities of CO₂ which increases the greenhouse effect. Many directives and policies have been enacted in the EU aiming at supporting renewable energy sources. The goal of the EU for 2020 is to meet the so-called "20-20" targets. The key objectives of these targets are a 20% increase in use of renewable sources and a 20% decrease in emission of greenhouse gases. In order to reach these objectives, EU countries are introducing various economic

instruments to stimulate investing in renewable energy sources, such as feed-in tariffs, quota systems and green bonus. The Serbian Government has adopted several regulations under Directive 2009/28/EC from November 2009, including establishing a system of "incentive tariffs" within which the Serbian Government will subsidize the cost of renewable electricity.

Serbia's potential

Renewable energy sources are the focal point of Serbia's energy independence in the future. This is supported by the fact that the total potential of energy from renewable sources can meet a quarter of Serbia's annual demand; add to that the enormous potential for energy savings across all sectors, and the general impression is that Serbia has good renewable energy sources: some estimates of wind power indicate 10.000 MW, while the potential for small hydropower plants is estimated at no less than 500 MW. Although renewable energy sources are particularly important for Serbia because of its accession to the EU, the use of renewable sources in production of electricity has not yet reached greater proportions, which is unacceptable given the huge potential for their use (the overall technical potential of energy from renewable sources is around 160 PJ per year).

Namely, the large potential for use of solar energy is evident from the fact that the number of sunny hours in Serbia exceeds 2000, while the solar energy emitted in one year on 1 m² of roof of one house equals the energy generated from the combustion of 130 liters of oil. Areas with a large number of sunny hours and annual ratio of actual radiation and overall possibility cover approximately 50% of Serbia's territory. Finally, it is important to note that the energy potential of solar radiation in Serbia is one third (about 40%) higher than in Central Europe, making it very attractive to investors.

"JPM has proven to be on top of their game, highly committed to problem solving with a strong ability to cross-reference different fields of relevant legislation and bylaws."

IFLR
1000



As already mentioned, the potential for small hydropower plants in Serbia is estimated at no less than 500 MW. Small hydropower plants (SHPP) are power plants with a generating capacity up to 10 MW, and are classified as privileged power producers. There are 900 potential locations in Serbia with a total capacity of up to 500MW, capable of generating 4600GWh per year. By using these capacities it would be possible to produce around 4.7% of the total electricity in Serbia, or 15% of the current electricity produced in HPP overall (10900GWh per year).

Given that the unused hydropower potential is for the most part from smaller rivers, construction of SHPPs will be a priority in the future.

The overall energy potential of biomass in Serbia has been estimated at 2.7 million toe and comprises forest residues and residues from the wood industry (around one million toe), residues from vegetable farming, animal husbandry, fruit farming, vineyards and primary fruit processing (around 1.7 million toe). The energy potential of biomass in animal husbandry suitable for production of biogas is estimated at 42.000 toe.

A large part of the Serbian economy is based on agricultural production and agriculturally-oriented industries. The northern part of Serbia, the province of Vojvodina and the territories along the Sava and Danube rivers are the main sources of biomass residues. Apart from agriculture, Serbia is also a country rich in forests. Around 30% of its territory is covered by forest, while 55% of its territory comprises arable land. The forests are located in the south, east and west.

Moreover, Serbia has very suitable locations for positioning of wind turbines (southern part of the Banat region, eastern Serbia, the eastern side of the Kopaonik mountain, the Zlatibor and Pešter regions) that would utilize the existing wind power potential, which, according to estimates, could replace around 2% of the overall consumption of electricity. This potential will increase

with the development of this energy sector. Serbia also has a wealth of geothermal potential, the efficient use of which would mean greater energy security and less import of fuel. The extent of Serbia's geothermal potential is clearly seen from the number of spas and natural springs with water temperature exceeding 30°C and varied degrees of natural abundance. Natural and artificial thermal water springs have been identified in over 60 municipalities. The water temperature is mostly up to 40°C, while in six municipalities the temperature exceeds 60°C.

Incentives

If you decide to invest in renewable energy, one of the advantages is that the Energy Law treats investors in this field as privileged power producers. The types of power plants classified as privileged producers are:

1. Hydropower plant
 - Hydropower plant with installed capacity up to 30 MW
 - Hydropower plant using existing infrastructure with installed capacity up to 30 MW
2. Power plant
 - Biomass power plant
 - Biogas power plant
 - Biogas power plant utilizing animal origin waste
 - Power plant utilizing landfill gas and gas from municipal wastewater treatment plants
 - Wind power plant
 - Solar power plant
 - Geothermal power plant
 - Power plants utilizing waste
 - Power plants with combined production utilizing coal
 - Power plants with combined production utilizing natural gas

To become a privileged producer, you have to fulfill certain conditions specified by the Energy Law.

Before becoming privileged producers, legal entities producing electricity by utilization of wind or solar power can be granted temporary privileged producer status, for:

- one year in case of solar power
- three years in all other cases

As mentioned above, incentive measures have been introduced for utilization of renewable energy sources, in the form of mandatory power purchase from privileged producers, purchase prices for the electricity, duration of the mandatory power purchase period and taking over balance responsibility. The crucial project document in the field of renewable energy sources is the Power Purchase Agreement (PPA).

The purpose of this agreement is to determine the terms and conditions for sale of electricity, as well as some important issues regarding timing and initiating production, power delivery terms, payment mechanisms, force major clauses and cancelling sale and production.

The Ministry in charge of the energy sector has adopted the official models of the following agreements: Preliminary PPA for the entire quantity of produced electricity from power plants with installed power of up to 5 MW and over 5 MW, and model PPA for the entire quantity of produced electricity from power plants with installed power of over 5 MW.

"The strength of JPM team is its ability to relate to and guide a European-style company through the Serbian experience"



The Energy Sector Development Strategy through 2015 contains the following:

1. Programs for selective utilization of new renewable energy sources
 - biomass
 - geothermal energy
 - solar power
 - wind power
 - remaining technically usable and economically feasible hydropotential, particularly on small rivers
2. Programs for new more energy-efficient and eco-friendly technologies
 - new technologies for combustion of coal, biomass and waste
 - technologies for decentralized cogeneration utilizing natural gas
 - technologies for small and mini hydro-power plants

The objective of the Strategy is to thereby decrease consumption of quality imported fuels and ensure additional generation of electrical and particularly of heat energy, as well as to significantly decrease the negative impact on the environment. Furthermore, this Strategy specifies incentives for investing in power plants in which renewable energy sources will be used.

By ratifying the Kyoto Protocol, Serbia gained the option to use this for financing projects for improving energy efficiency in the country, and increasing the competitiveness of its economy on the global market.

II. ELECTRICITY

The electricity market includes:

1. a bilateral electricity market (market in which the sale and purchase of electricity is conducted directly between participants in the electricity market based on a PPA);
2. balance electricity market (market in which a TSO buys and sells electricity from

a market participant for the purpose of balancing and ensuring the operation of the system);

3. organized electricity market (a market operator organizes and administers the organized electricity market and its connection with the organized electricity markets of other countries, in accordance with internationally undertaken obligations).

Participants in the electricity market can be:

1. power producers (entities that generate electricity in hydropower plants, thermal power plants and other power plants that use renewable energy sources)
2. electricity suppliers (entities that conclude PPAs with producers and sell the electricity to the end buyers)
3. wholesale suppliers
4. end users
5. transmission system operators for electricity - TSOs (entities that maintain and develop transmission networks)
6. distribution system operators for electricity - DSOs (entities that maintain and develop distribution networks)
7. closed distribution system operators - CDSOs (entities that maintain the network and are responsible for the secure and reliable operation of the closed distribution system and for the quality of supply of electricity)
8. market operators (entities that conduct the activity of organizing an electricity market)

Other legal entities can also be participants in an organized electricity market, in accordance with the rules of such organized market.

Except for end buyers, all other participants in the electricity market must hold the appropriate energy licence.

The Law differentiates between seven different energy activities in the field of electricity. Four of those are of general interest:

- transmission of electricity and managing the transmission system (currently 1 company holds a licence for this activity)
- distribution of electricity and managing the distribution system (currently 5 companies hold licences for this activity)
- public supply of electricity (currently 1 company holds a licence for this activity)
- managing an organized electricity market (currently 1 company holds a licence for this activity)

The other energy activities for which licences are issued in this field are:

- generation of electricity with total approved connection power over 1 MW (currently 12 companies hold licences for this activity)
- cogeneration in thermal power CHPs with total approved connection power over 1 MW and over 1 MWt of total heat power (currently 5 companies hold licences for this activity)
- electricity supplying (currently 87 companies hold licences for this activity)

Electricity trading

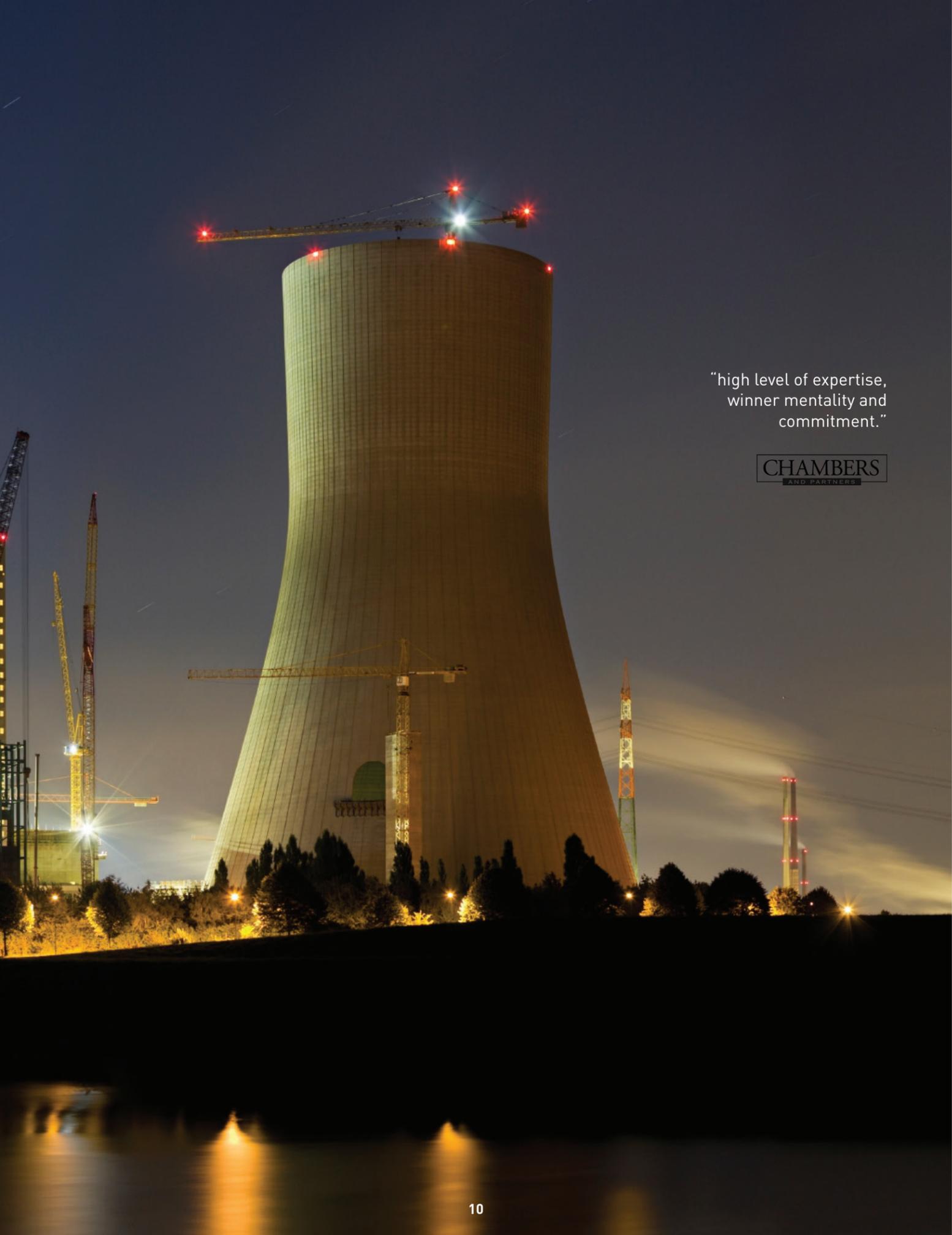
The idea of trading electricity on the wholesale market dates back to the beginning of the 1980s, and after than many countries commenced reforms that included restructuring of the electricity industry, deregulation and liberalization of the market, and privatization of the segment in which competitive terms of business could be introduced. The necessary requirements for liberalization of the market in the sector of electricity have been in place in Serbia since 2008, when the obligation of public supply of all electricity buyers not connected to the distribution system ceased. This opened around 10% of the market, and as of the beginning of 2014 an additional 50% of the market should be opened as well, because the public supply

system (at regulated prices) will comprise only of households and small electricity buyers.

The new Energy Law kept the provision from the Law from 2011 prescribing full opening of the electricity market as from 1 January 2015, whereby the market will be fully open. Based thereon, households and small buyers will be able to choose their electricity and gas suppliers, but will also have the option of guaranteed supply (public service ensuring the right of households and small buyers to supply of electricity with specified characteristics in the territory of Serbia at reasonable, clearly comparable, transparent and non-discriminating prices), which will replace the term "public supply". Moreover, the procedure for selecting a guaranteed supplier by way of tender, selecting a backup supplier and the option of discontinuing regulation of the price of electricity for guaranteed supply as from 2017 have also been specified. Under the new Law, electricity buyers will be entitled to access the data on their own consumption, and the supplier will have to set up toll free customer service lines.

Of particular interest to foreign investors is the fact that the new Law has introduced the business activity of wholesale supply of electricity, and foreign companies can now obtain licences for this business activity, without the obligation to be registered in the territory of Serbia. Furthermore, the new Law specifies that the country can have one or more DSOs for electricity, but that a unified tariff can be applied, to be determined by the Government. The law also introduces the bases for monitoring the technical and commercial quality of electricity and gas supply.

An electricity market was expected to start operating in 2014, which would be open to market participants in the third quarter of the year, and start operating at full capacity as from 2018. and other countries in the region.



“high level of expertise,
winner mentality and
commitment.”

CHAMBERS
AND PARTNERS

In the first phase of trading electricity on the market the participants will be Serbia, Montenegro and Macedonia, while the plan is for Hungary to also join, and, through Hungary, Poland, Slovakia, Romania and other countries in the region. Electricity will be bought from electricity producers and traders, and the market will ensure better and more transparent trade of this commodity.

III. GAS

The Energy Sector Long-Term Development Strategy of Republic of Serbia through 2020 with projections until 2050 highlights gas as the energy source of the 21st century, and ecologically the most acceptable conventional fuel. Natural gas is in multiple use today: industrial, commercial, and consumer use, use for generation of electricity, as raw material in production, and also as motor fuel. Direct use of natural gas can satisfy 80-85% of household needs for energy (heating, cooking, hot water). Utilization of gas in individual heating facilities achieves greater efficiency than use of hot water from heating plants and boiler rooms.

The quantities of natural gas in Serbia cannot meet the needs of the Serbian market. Moreover, Serbian gas is of poorer quality, so Serbia is oriented towards cooperation with the Russian Federation in this field. In 1996 Russia and Serbia signed a bilateral agreement on the basis of which Jugorosgaz was established – the only TSO in Serbia apart from public company Srbijagas. Furthermore, on the basis of a bilateral agreement from 2008, underground gas storage facility Banatski Dvor started operating in Serbia, and construction of a section of the South Stream gas pipeline commenced. Russia’s decision from December of 2014 to abandon the South Stream project leaves the issue of resolving the energy stability of the countries of Southeast Europe wide open, and at this time it is unclear whether there will be another project that will replace South Stream, or some other resolution of this open issue.

Participants in the natural gas market can be:

1. natural gas producers
2. natural gas suppliers
3. public suppliers of natural gas
4. end users
5. TSOs (entities that maintain and develop the transmission network)
6. DSOs (entities responsible for the secure and reliable operation of the distribution system)
7. gas storage facility operators (entities responsible for the secure and reliable injection and withdrawal of natural gas)

Except for end buyers, all other participants in the natural gas market must hold the appropriate energy licence. The Energy Law introduces an important novelty in the gas sector as compared to the previous law, relating to regulating the position, rights and obligations of TSOs. Namely, a company in the business of transmitting natural gas must be independent in terms of ownership and management from the companies in the business of production, supply and distribution thereof. This unbundling was introduced with the aim of resolving potential conflicts of interest and ensuring a secure supply. The Law differentiates between five different energy activities in the field of natural gas. Four of those are of general interest:

- transmission of natural gas and managing the transmission system (currently 2 companies hold licences for this activity)
- storage of natural gas and managing the storage facility (currently 1 company holds a licence for this activity)
- distribution of natural gas and managing the distribution system (currently 34 companies hold licences for this activity)
- public supply of natural gas (currently 33 companies hold licences for this activity)

The other energy activities for which licences are issued in this field are:

- supply of natural gas (currently 46 companies hold licences for this activity)

Purchase and sale of natural gas takes place on the market, based on a gas purchase agreement between market participants. A gas purchase agreement particularly determines the quantity of natural gas, the price and period of supply. The Draft Energy Sector Development Strategy of Republic of Serbia through 2025 with projections through 2030 defines the strategic goals as ensuring secure supply of the local market with natural gas and establishing a local and regional market of natural gas. Construction of the South Stream gas pipeline was to have been of great importance for the Serbian gas sector, thanks to which Serbia was to become an important energy transit area in Europe and to ensure significant income from gas transit. It is clear that this Draft Strategy will have to be amended after Russia abandoned the South Stream project.

PROJECT	INVESTMENT (MILLION EUROS) THROUGH 2020	INVESTMENT (MILLION EUROS) THROUGH 2025	INVESTMENT (MILLION EUROS) THROUGH 2030
“SOUTH STREAM” PIPELINE	1,700	-	-
INTERCONNECTION WITH COUNTRIES IN THE REGION	120	60	20
NEW GAS STORAGE FACILITIES	100	100	100
COMPLETING GASIFICATION OF THE REPUBLIC OF SER- BIA AND REHABILITATING THE EXISTING PIPELINE SYS- TEM	500	500	200
CUMULATIVE INVESTMENT (MILLION EUROS)	2.420	3.080	3.400

FORECAST OF INVESTMENTS IN THE NATURAL GAS SECTOR THROUGH 2030

“A great Serbian firm that represents big commercial companies, and has brilliant communication skills.”

CHAMBERS
AND PARTNERS



IV. OIL

That Serbia is committed to the process of accession to the European Union is confirmed by the opinion of the Energy Community Secretariat that Serbia is the first country to seriously implement the Third (Energy) Package, and that it is one of the leading countries in the opening of the market. The very objective of the enactment of the new Energy Law in 2014 was full adoption of the Third Energy Package.

According to the Energy Balance of the Republic of Serbia for 2014, oil and gas are produced in Serbia in 59 oil fields with 815 oil wells, where various exploitation methods are employed. The Serbian oil company "Naftna industrija Srbije" a.d. (NIS a.d.), one of the largest vertically integrated energy companies in Southeast Europe, is the only company in Serbia in the business of oil and gas exploration and production.

Except for end buyers, all other participants in the oil market must hold the appropriate energy licence. The Law differentiates between eight different energy activities in the field of oil. Two of those are of general interest:

transport of oil by oil pipeline (currently 1 company holds a licence for this activity)
 transport of petroleum products by product pipelines (no company currently holds a licence for this activity)

The other energy activities for which licences are issued in this field are:

- production of petroleum products (currently 3 companies hold licences for this activity)
- storage of oil, petroleum products and biofuel (currently 19 companies hold licences for this activity)
- trade in oil, petroleum products, biofuel and compressed natural gas (currently 58 companies hold licences for this activity)
- trade in motor and other fuels at filling

stations (currently 464 companies hold licences for this activity)

- biofuel production over 1000t per year (no company currently holds a licence for this activity)
- transport of oil, petroleum products and biofuel by other forms of transport (as this activity has just been introduced by the new Law, no company currently holds a licence for this activity)

The new Energy Law specifies a number of other energy activities that are conducted in accordance with market principles, such as, for instance, bioliquids production, blending of biofuels with petroleum-based fuels, filling containers for liquid petroleum gas, compressed and liquidized natural gas, and so forth. As the Energy Law was enacted in December of 2014, no companies currently hold licences for these energy activities.

Companies conducting energy activities in the oil sector have to use and maintain energy facilities in compliance with technical and other regulations relating to the activities they conduct, and with requirements for protection from fire and explosions, environmental protection as specified by the Law and other regulations.

The strategic goals of the Republic of Serbia through 2025 with projections through 2030 are ensuring secure supply of the local market with petroleum products whose quality meets the highest EU standards, decreasing dependence on imports, and securing new routes for supply with crude oil. Reconstruction of the existing storage capacities and constructions of new ones, and especially modernization of the refineries in Pancevo and Novi Sad so as to ensure that all fuels in the country meet the relevant EU standards, are a strategic priority.

PODOBLAST	AKTIVNOSTI	INVESTICIJA (MILIONA EUR)
OIL AND NATURAL GAS EXPLORATION AND PRODUCTION	Explorations in the country and the region to locate new deposits; Implementing new technologies and exploitation methods	800
OIL REFINING	Increasing refining depth and further modernization of refineries in Pancevo and Novi Sad	750
TRADE IN PETROLEUM PRODUCTS	Modernization of filling stations and construction of new ones; Construction of new reservoir capacities; Modernization of filling facilities; Procurement of modern means of transportation	160
TRANSPORT OF OIL AND PETROLEUM PRODUCTS	Project for construction of a product pipeline system through Serbia	170

"Goes beyond the pure legal advice." "Always available, solution-driven and proactive."

CHAMBERS
AND PARTNERS

V. ON REQUIREMENTS FOR CONDUCTING ENERGY ACTIVITIES - LICENCE

In order to conduct an energy activity, you first need to construct an energy facility, to obtain a licence for the relevant energy activity, and then to commence the activity itself.

Construction of an energy facility

In order to construct or use any building or facility in the Republic of Serbia, energy facilities included, you have to fulfill the following conditions:

1. obtaining an energy licence
2. obtaining a location permit
3. obtaining a building permit
4. building the facility and ensuring professional supervision during construction
5. technical inspection of the facility and obtaining an acceptance certificate/use permit

The Energy Law specifies that energy facilities can be constructed if the Ministry in charge of energy matters issues an energy licence to the applicant.

The procedure for obtaining an energy licence is regulated by:

- Rules on criteria for issuing energy licences, application content and manner of issuing energy licences,
- Energy Sector Development Strategy of Republic of Serbia,
- Program for realizing the Energy Sector Development Strategy of Republic of Serbia, regulating the conditions and place where a specific energy facility should be built.

1. Step one in the procedure for obtaining an energy licence is submitting an application for one. Applications can be submitted by Serbian or foreign legal or natural entities or entrepreneurs. You should bear in mind that, at submitting this ap-

plication, you must prepare an analysis of potential environmental impacts, with a proposal for environmental protection measures.

2. Step two (after obtaining an energy licence) is obtaining location and building permits (location permits are issued for buildings for which you have to have a building permit). Which authority will be in charge of issuing the location permit depends on the type of building/facility the permit is being issued for.

Thus the competent authority can be:

- the Ministry in charge of urban planning
- an Autonomous Province authority
- a local self-government authority

In the procedure for obtaining a location permit you must meet the requirements regarding safety of air traffic, water requirements, energy and technical requirements for connection to the electricity network, requirements for connection to the municipal network and other requirements as specified by the competent authorities and organizations.

The procedure for obtaining a building permit is initiated by submitting an application for a building permit, which should be accompanied by the previously obtained energy licence.

Therefore the following procedures need to be completed before a building permit is obtained:

1. obtaining an energy licence, which is necessary for construction of power plants with power over 1 MW
2. obtaining a location permit in accordance with the current planning document
3. preparing the technical documents for the main design

Licences

After building an energy facility, but before beginning operation thereof, it is necessary to obtain the appropriate licence, issued by the Serbian Energy Agency. The Energy Law has introduced a novelty as compared to the previous law, which specifies the obligation and requirements for certification of a legal entity before receiving a TSO licence.

The certification is conducted by the Energy Agency, and applications are submitted by legal entities that have not yet been certified, the Energy Agency (if a legal entity fails to submit an application), or the competent authority, based on obligations under international agreements. The Agency has to make a decision on certification of the transmission system operator within four months of the date of the application, otherwise the decision on certification is considered to have been reached.

The requirements that you have to meet in order to obtain a licence are numerous, and range from being recorded in the register of commercial companies, to providing proof of solvency and financial standing of the licence applicant, or fulfillment of technical requirements and requirements in terms of competence of personnel.

For power generation, heat and power co-generation and heat generation, licences are issued for a period of 30 years, while licences for other energy activities are issued for a period of 10 years.

A charge is paid to the Agency at issuance, and an annual fee is paid to the Agency for the duration of the licence. If the licence holder no longer meets the requirements for obtaining the licence, or fails to comply with any other regulations relating to the relevant energy activity, its licence can be temporarily or permanently revoked. The licence is non-transferrable.

A licence is not always necessary for conducting an energy activity. For instance, a licence need not be obtained in case of power generation for the power producer's own needs, or for power generation in power plants up to 1 MW.



RELEVANT ENERGY PROJECTS

JPM has taken part in land-mark transactions in the Energy Sector that have been fully implemented in the Republic of Serbia or due to their complexity and value are still in course.

Highlights include advising:

State-owned gas distribution company **Srbijagas** in the negotiations and preparation of contracts and the accompanying documents leading to the execution of the Joint Venture Agreement related to the construction of the section of gas pipeline South Stream through the Republic of Serbia with **Gazprom**, Russia.

South Stream Serbia AG, Switzerland on various commercial issues related to Serbian Law.

South Stream Serbia on various legal issues related to the construction of Serbian section of South Stream gas pipeline.

Underground Gas Storage Facility Banatski Dvor with respect to acquiring of gas storage license and license for gas storage operator.

State-owned gas distribution company **Srbijagas** in negotiations and preparation of contracts and all accompanying documents leading to execution of the Joint Venture Agreement related to the construction of the Underground Gas Storage Facility Banatski Dvor with **Gazpromexport**, Russia.

Messer Tehnogas a.d. regarding the policy of determining the prices of electric energy by Elektro mreža Srbije and EPS.

Daxin Petroleum PTE LTD, Singapore on its everyday activities related to gas and oil trading In Serbia and other CEE countries.

JPM lawyers have been members of working group drafting the Law on determination of public interest and special procedures of expropriation and acquiring of documentation for the purpose of realization of construction of system for transport of natural gas "South Stream"

Wind Alliance Group, Spain on legal framework for setting up a wind farm project in Pancevo, Serbia

South Banat Biogas Energy doo Pancevo Development of three 0,99 MW biogas plants.

Full legal support to the client in development of a gas cogeneration plant in Serbia

Zon Energie, Netherlands, in relation design, procurement and installation of 5 photovoltaic power plants.

EGL Switzerland with respect to acquiring of electricity wholesale license

Atel-Tessin Ltd with respect to acquiring of electricity wholesale license.

EHOL Romania with respect to acquiring of electricity wholesale license.

JPM is ranked every year by leading legal directories.



by Chambers Europe, Edition 2015

- Corporate/Commercial
- Labor Law
- Real Estate
- Antitrust and competition
- Intellectual Property



by Legal 500, EMEA Edition 2015

- Antitrust and competition
- Corporate M&A and privatisation
- Real Estate



by IFLR 1000, Edition 2016/2015

- Financial and Corporate
- Energy and Infrastructure



by Chambers Global, Edition 2015

- Corporate/Commercial



JPM

JANKOVIĆ POPOVIĆ MITIĆ

Vladimira Popovića 6 | NBGP Apartments
11070 Belgrade | Serbia | tel: +381 11 207 6850
fax: +381/11/207-6899

www.jpm.rs