

Pursuant to Article 123, paragraph 3 of the Constitution of the Republic of Serbia, in regard with the Energy Law (“Official Gazette RS”, number 84/04), the Government passes the

DECREE

ON INCENTIVE MEASURES FOR ELECTRICITY GENERATION USING RENEWABLE ENERGY SOURCES AND FOR COMBINED HEAT AND POWER (CHP) GENERATION

Article 1

This Decree prescribes in details encouraging measures for electricity generation using renewable energy resources and for purchase of produced energy *-the Feed-in Tariff*, balancing and reading (further on referred to as: the incentives), identifies power plants producing electricity using renewable energy sources, defines the content of the incentives’ based power purchase agreement as well as the remuneration of expenses to the buyer of such energy.

Article 2

The terms used in this Decree shall have the following meanings:

- 1) **Renewable energy sources** are energy sources in the nature that can be completely or partially renewed, especially the energy of water flows, wind, un-accumulated solar energy, biomass, geothermal energy, bio-fuels, biogas, synthetic gas, gas from landfills and gas from sewage treatment plants and from waste waters of food and wood-processing industries containing no hazardous substances;
- 2) **Hydroelectric power plants on existing infrastructure** are those hydro power plants that use an already existing dam run by a public utility and ones situated on water pipelines intended to feed raw water to water processing (purification) factories;
- 3) **Biogas power plants** are power plants that use gas originating from the remnants of farm production (liquid manure and excrements from cattle and poultry farms) from biomass, from residues of biomass produced by primary processing of agricultural products, which do not contain harmful substances, remains and parts of animals;
- 4) **Landfill gas power plants** are power plants which use gas that originates from city dump sites or waste water treatment facilities;
- 5) **Combined production power plants on existing infrastructure** are revitalised old fossil fuel fired power plants with combined heat and power generation, which were in operation for at least 25 years before revitalisation and fossil fuel fired reconstructed old power plants with combined heat and power generation that were out of operation for at least five years before the reconstruction, regardless of the previous period in operation mode;
- 6) **Privileged producer** is a producer performing the activity of electricity generation, who obtained the status of a privileged producer under the legal act issued by the responsible authority;

- 7) **Buyer of electrical energy** is a public enterprise for power generation, distribution and trade;
- 8) **Energy entity that performs reading of the electrical energy** is a legal entity registered for power generation, distribution and trade or for power transmission and control of the transmission system.

Article 3

A power plant, in terms of this Decree, is a facility for electricity generation or for combined heat and power generation, with one or more production units, as follows:

- 1) Hydro power plants with installed capacities up to 10 MW;
- 2) Power plants with installed capacities up to 10 MW using only biomass or biomass combined with some additional fossil fuel in its generation process, if the energy value of used biomass amounts to at least 80% of the total primary energy per annum;
- 3) Power plants producing electrical power by using renewable energy sources except biomass, if the energy value of used renewable energy sources annually adds up to at least 90% of the total primary energy, with additional fuel being some kind of fossil fuel, biomass or waste;
- 4) CHP plants with installed electrical capacities up to 10 MW, using renewable energy sources, fossil fuels or fossil fuels combined with some renewable energy sources;
- 5) Power plants with installed capacities up to 10 MW using separated biodegradable fraction of communal waste (further on referred to as: waste).

Article 4

In terms of this Decree, encouraging measures encompass the feed-in tariffs specified in the Decree according to the type of power plant producing electricity from renewable energy sources and the capacity installed (P), stated in MW.

The type of a power plant and its installed capacity are defined in the act on acquiring the status of privileged power producer.

Feed-in tariffs referred to in paragraph 1 of this Article, expressed in euro-cents per kilowatt hour (c€/kWh), are as follows:

Item	Type of Power Plant	Installed capacity (MW)	Encouraging measures – Feed In Tariff (c€/kWh)
1.	Hydro power plants		
1.1		up to 0.5 MW	9.7
1.2		from 0.5 MW to 2 MW	10.316 – 1.233*P
1.3		from 2 MW to 10 MW	7.85
1.4	On existing infrastructure	up to 2 MW	7.35
1.5	On existing infrastructure	from 2 MW to 10 MW	5.9

2.	Biomass power plants		
2.1		up to 0.5 MW	13.6
2.2		from 0.5 MW to 5 MW	13.845 – 0.489*P
2.3		from 5 MW to 10 MW	11.4
3.	Biogas power plants		
3.1		up to 0.2 MW	16.0
3.2		from 0.2 MW to 2 MW	16.444 – 2.222*P
3.3		over 2 MW	12.0
4.	Landfill and sewage gas power plants		6,7
5.	Wind power plants		9.5
6.	Solar power plants		23
7.	Geothermal power plant		7.5
8.	Fossil fuel fired CHP plants		
8.1		up to 0.2 MW	$C_0 = 10.4$
8.2		from 0.2 MW to 2 MW	$C_0 = 10.667 - 1.333 * P$
8.3		from 2 MW to 10 MW	$C_0 = 8.2$
8.4	On existing infrastructure	up to 10 MW	$C_0 = 7.6$
9.	Waste fired power plants		
9.1		up to 1 MW	9.2
9.2		from 1 MW to 10 MW	8.5
	Correction of purchase price for natural gas fired CHP plants	$C = C_0 * (0.7 * G / 27.83 + 0.3)$ C – new purchase price of electricity C ₀ – reference purchase price of 27.83 dinar/m ³ , specified for enterprises performing retail activities for tariff customers, which does not include expenses for use of transportation system of PU "Srbijagas" Novi Sad, according to the tariff element "energy carrier", G (dinar/m ³) – new natural gas price specified for enterprises performing retail activities for tariff customers, which does not include expenses for use of transportation system of PU "Srbijagas" Novi Sad, according to the tariff element "energy carrier".	

The feed in tariff for natural gas fired CHP plants shall be updated with each change of natural gas price for enterprises performing retail activities for tariff customers, which does not include expenses for use of transportation system of PU "Srbijagas" Novi Sad, according to the tariff element "energy carrier".

The update of the feed-in tariff for natural gas fired CHP plants, referred to in paragraph 3 of this Article, shall be applied from the first day of the month following the month during which there was a change in price of natural gas for enterprises performing retail activities for tariff customers, which does not include expenses for use of transportation system of PU "Srbijagas" Novi Sad, according to the tariff element "energy carrier".

Article 5

The right to incentives, referred to in this Decree, for electrical energy produced in power plants using non accumulated solar energy, is limited to the sum of installed capacities in all such power plants of 5 MW.

The right to incentives, referred to in this Decree, for electrical energy produced in power plants using wind energy, is limited to the sum of installed capacities in all such power plants of 450 MW.

Apart from the privileged power producers who obtain their right to incentives in accordance with paragraph 2 of this Article, the right to incentives, referred to in this Decree, can also obtain privileged power producers for electrical energy produced in wind power plants with the sum of installed capacities which equates to 10 % of the sum of new generating capacities built by a public enterprise for power generation, distribution and trade in the period while this Decree is in force.

A subsidized producer is entitled to the feed-in tariff valid at the moment of submission of the request for the privileged power producer status acquiring or renewal.

Article 6

The Buyer shall purchase electrical energy from a privileged power producer, who meets the conditions specified in this Decree, at prices defined in Article 4 of this Decree, in dinar equivalents at mid-exchange rates of the National Bank of Serbia on the day of invoicing.

Rights and obligations of the buyer and a privileged power producer shall be defined in a written power purchase agreement, for the period of 12 years and in accordance with the Energy Law, Law of Obligations, General conditions of electrical energy supply, distribution i.e. transmission grid code, Decree on conditions for acquiring the status of privileged power producer and criteria for evaluation of their fulfilment as well as with this Decree.

Along with the request for the conclusion of the power purchase agreement, a privileged power producer shall submit to the Buyer the Decision of the Ministry of Mining and Energy on acquisition of the privileged producer status.

If conditions referred to in this Decree are met, the Buyer shall be obliged to conclude the power purchase agreement with the privileged power producer within 30 days after the submission of the written request, as per paragraph 3 of this Article.

A privileged power producer has the right to terminate the power purchase agreement before it expires and shall inform the buyer in writing. The contract shall be considered terminated 30 days after the buyer receives written notification.

The power purchase agreement terminated in accordance with paragraph 5 of this Article, by the privileged producer who produces electrical energy in power plants as per Article 3 of this Decree, cannot be concluded again.

A template of the power purchase agreement, referred to in paragraph 2 of this Article, shall be prepared by the Buyer and delivered to the Ministry responsible for energy sector activities for its approval.

Article 7

A privileged power producer, who concluded the power purchase agreement with the Buyer, as per paragraph 2, Article 5 of this Decree, belongs to the Buyer's balancing group but does not pay remuneration for balancing services to the Buyer.

An energy company that perform electricity reading, depending on the grid the power plant is connected to shall perform electricity reading, without remuneration, for the privileged power producer, referred to in paragraph 1 of this Article who produces electrical energy in power plants as per article 3 of this Decree, on the first day of each month and shall deliver read data for the previous month to the privileged power producer and buyer before the 5th of each month. Before the power purchase agreement is concluded between the privileged power producer and buyer, the energy company performing electricity reading is obliged to perform the initial reading of the meter within 3 days upon receipt of the request from the privileged producer or buyer and to deliver them the read data.

Article 8

The Buyer is entitled to remuneration of expenses for electricity purchase from privileged power producers and for balancing of operation of privileged power producers who use incentives in accordance with this Decree.

The amount of expenses, referred to in paragraph 1 of this Article, shall be defined according to energy values which are specified in the Energy Balance of the Republic of Serbia.

The Buyer's remuneration for electricity purchase from privileged power producers in the following year, shall be defined as the sum of products of the total planned generations from various types of power plants and associated feed in tariffs, referred to in Article 4 of this Decree, reduced by the average electricity sale price of an energy entity performing electricity trade for the needs of tariff customers, set in accordance with the methodology for calculation of prices of tariff elements, proscribed by the Energy Agency, where the calculation of the average price doesn't include the privileged power producers' generation.

The amount of funds necessary to cover costs due to balancing of privileged power producers' operation shall be determined as the product of Buyer's annual expenses for providing system services and the quotient of the expected total installed capacity of all privileged power producers who use incentives and the total installed generation capacity under the actual control of the Buyer.

The Buyer shall calculate the total planned remuneration for the next year as a sum of funds referred to in paragraphs 3 and 4 of this Article, which should be adjusted by the difference of the sum of the actual Buyer's expenses for electricity purchasing from privileged power producers and actual expenses of their balancing and the sum of the collected remuneration revenues for electricity purchasing from privileged power producers and for their balancing during the previous year, and shall express these values separately in the annual business program.

Expenses made by the buyer for purchase of electrical energy from privileged power producers and for balancing of their operation are indemnified through electricity sale to tariff customers. Until the end of October each year the Buyer is obliged to submit a report to the Ministry responsible for energy activities and to the Energy Agency, containing revenues from remuneration and from sale of electricity purchased from privileged power producers, as well as actual expenses due to purchasing of electricity from privileged power producers and balancing of their operation, during the current year.

Article 9

The Buyer shall prepare the template of the power purchase agreement, referred to in paragraph 7, Article 6 of this Decree, and submit it to the Ministry responsible for energy activities, within 60 days after the Decree has taken effect.

Article 10

This Decree comes into effect 8 days upon its publishing in the “Official Gazette of the Republic of Serbia” and shall be applied in the period from January 1st, 2010 to December 31st, 2012.