



National Petroleum Committee of Serbia - World Petroleum Council

Energy activities regulation in downstream Oil Sector of the Republic of Serbia

Nebojsa Culum

**Senior Expert for Natural Gas and
Crude Oil**



AERS
ENERGY AGENCY
OF THE REPUBLIC OF SERBIA

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AERS – background info

Independent regulatory body

Founded by the Energy Law (2004)

**Registered at the Trade Court in
Belgrade in June 2005**

Fully operational as of January 2006

Key tasks of AERS

- **Adoption of methodologies for the calculation of prices of electricity and natural gas public supply, access and connection to systems, crude oil transport via pipelines**
- Establishment of prices for system services
- **Giving approval for regulated prices**
- **Monitoring the implementation of methodologies and approved prices**
- **Approval of: grid codes, system development plans and market code and cross-border capacity allocation in electricity**
- **Issuing and revoking licenses for all energy activities** including production, trade and storage of biofuels and oil derivatives as well as crude oil and its products transport via pipelines.
- **Keeping the licenses register and monitoring compliance with license requirements**
- **Deciding upon appeals in cases of refusal of network access**
- etc.

Licensed Activities in Serbian Oil Sector

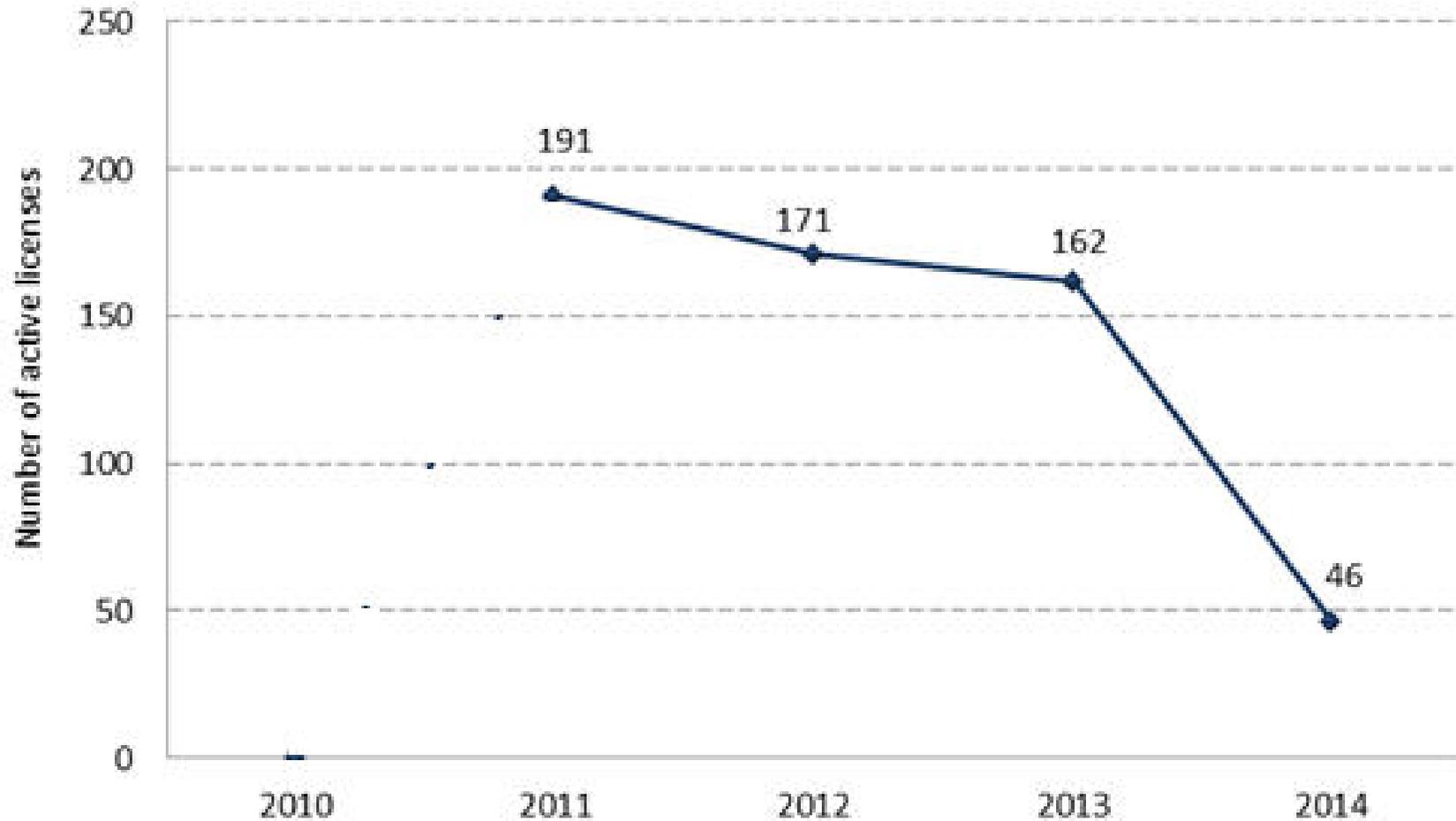
- **Midstream**

- oil transport by oil pipelines

- **Downstream**

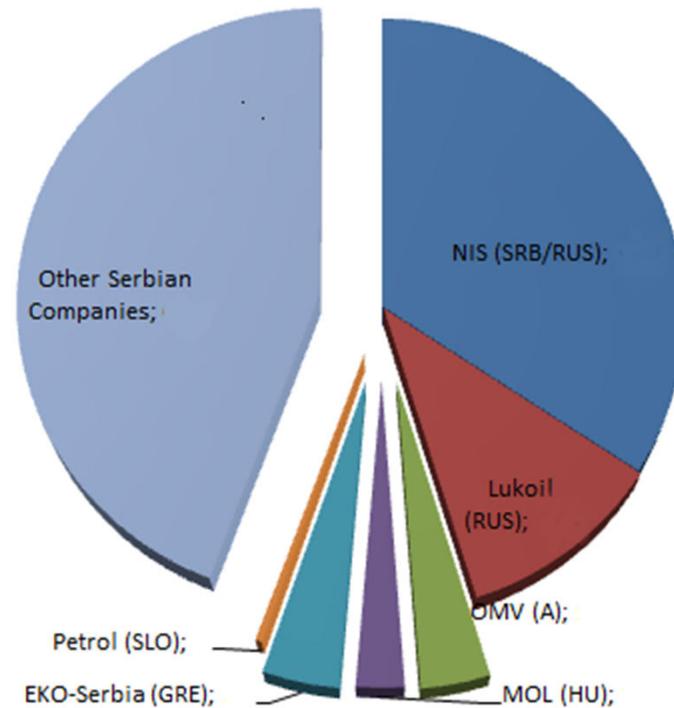
- oil derivatives production (refining)
- oil product transport by product pipelines
- trade in oil, petroleum products, biofuels and CNG (wholesale)
- trade in motor fuels and other fuels on petrol stations (retail)
- trade in fuels outside petrol stations (retail) – new
- storing oil, petroleum products and biofuels
- filling of containers for LPG, CNG and LNG – new
- trade in vessel fuels (wholesale) – new
- biofuels and bioliquid production
- blending of biofuels with fuels of oil origin – new

2014: wholesale in oil, oil products, CNG and biofuels



2015: motor fuel retail market

- 457 retailers (370 in 2011.) on 1.450 petrol stations
- ownership structure:



Crude oil transport

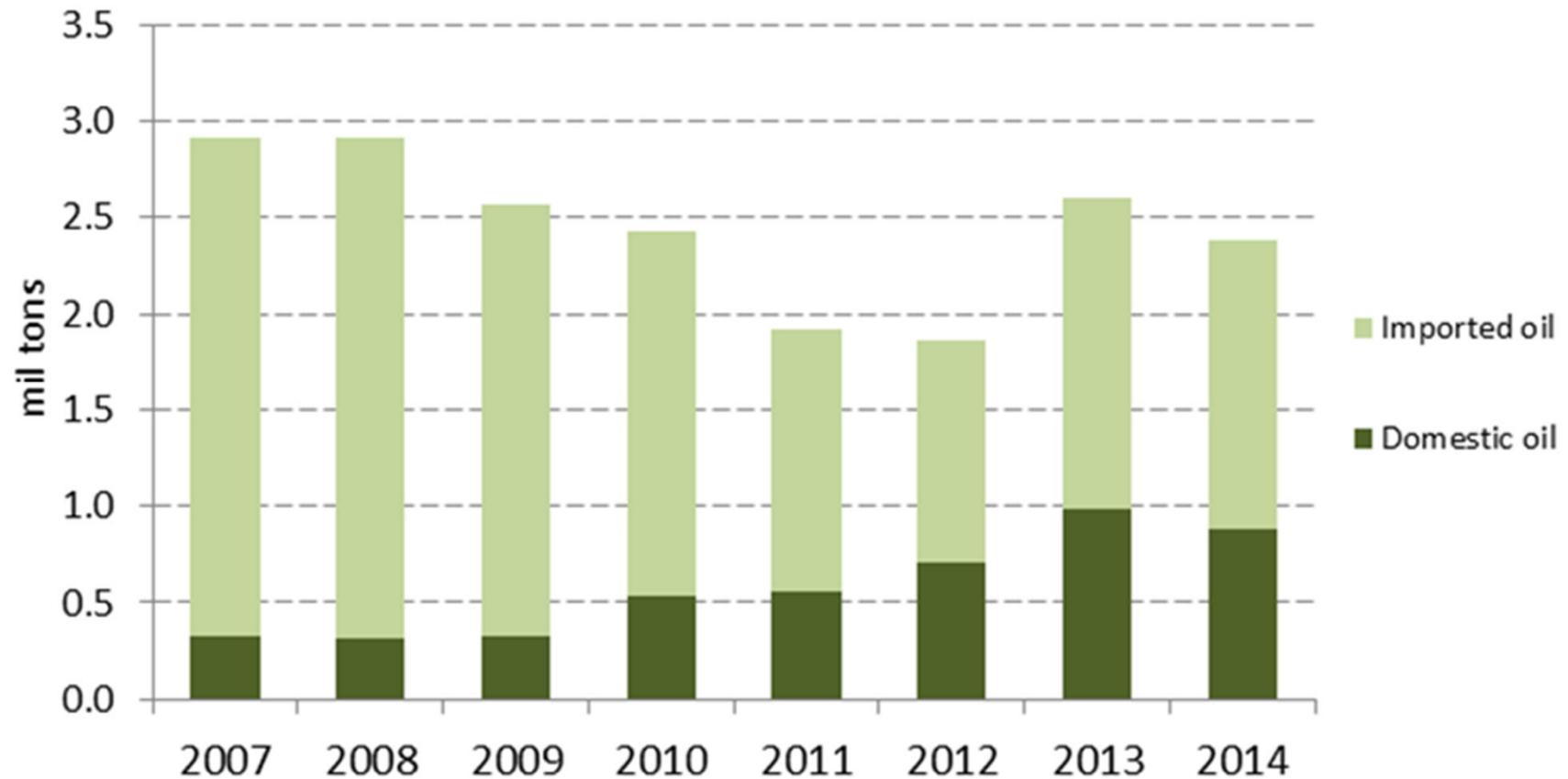
Janaf(CRO)+Transnafta(SER)



Regulation of pipeline transport

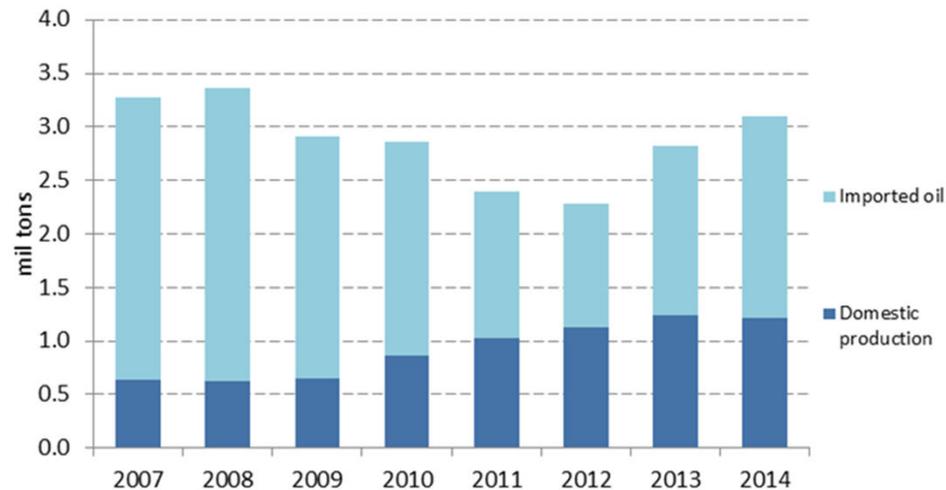
- coverage of the so called justified costs and profit from assets and investments during the performance of regulated activity which provide for a sustainable system development;
- incentives for economic and energy efficiency;
- prevention of cross-subsidising between different activities performed by energy entities;
- non-discrimination, i.e. equal treatment of system users.

Transported crude oil quantities via pipelines



What has happened with crude oil in 2008-2011/2012?

- refinery processing decreased by 26,8%
- local production increased by 61,2%
- import decreased by 48,2%



Consequences

- Cause 1: 2011/2010 - local oil production was increased by 19,2% and import was decreased by 31,9% - total transported quantities drops more than 25%
- Cause 2: Applied method of transport regulation is still Cost+
- **After effect:**

**drastic growth of transportation tariffs
(around 70% in 2 years)**

Solution by AERS

- introduction of threshold of minimum utilization rate of installed capacity for each branches
- example: for those branches with annual installed capacity is higher than 7 mill tons, this formula for minimum Utilisation Rate (UR) of 20%:

$$\text{AMAR } t = \text{MAR } t * (3.00 * \text{URmin } t + 0.40)$$



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Thank you for your attention!

Contact details:

Nebojša Ćulum

Energy Agency of the Republic of Serbia, Terazije 5/V , 11000 Belgrade

Tel: + 381 11 30 33 829; Fax: + 381 11 3225780

e-mail: nebojsa.culum@aers.rs , URL: www.aers.rs

