

REPORT
on the Use of Congestion Revenues for 2024

I

The Energy Law ("Official Gazette of the RS," No. 145/14, 95/18 – amended, 40/21, 35/23 – amended, 62/23, and 94/24) - hereinafter referred to as the Law establishes the obligation of the Energy Agency of the Republic of Serbia to publish and submit a report every year by March 1st to the Regulatory Board of the Energy Community in accordance with Article 165v, paragraph 7 of the Law containing the following:

1. Revenues from congestion in the previous year;
2. Data on how the revenues from congestion were used, including information on specific projects to which those revenues were directed;
3. Data on revenues from congestion held in a special internal account of the transmission system operator;
4. Data on revenues from congestion that were included in the calculation of the transmission tariff; and
5. Confirmation from the Agency that the calculation of congestion revenues in the amount of the transmission tariff was performed in accordance with the Law.

This report was prepared by the Agency in accordance with the mentioned jurisdiction and in connection with the obligations of transmission system operators defined in Article 165v of the Law, which entered into force on December 6, 2024. This article prescribes that:

1. a transmission system operator, authorized to allocate rights to use available transmission capacities between bidding zones through explicit and implicit auctions (Article 163 and Article 165, paragraph 1 of the Law) may generate revenues from congestion when congestion occurs during a certain period (Article 165v, paragraph 1). In this case, all revenues generated through congestion management are used for the following purposes:
 - guaranteeing the availability of allocated transmission capacity between bidding zones; and
 - maintaining or increasing transmission capacity between bidding zones through optimization of the use of existing interconnectors via coordinated corrective actions, if applicable, or through investments in the network, particularly the construction of new interconnectors that reduce congestion (Article 165v, paragraph 3 of the Law);

2. if the transmission system operator cannot efficiently use the revenues from congestion for the mentioned purposes (paragraph 3), with the Agency's approval, they may use them as revenue taken into account when determining the methodology for setting electricity transmission tariff up to the maximum amount determined by the Agency. Any remaining revenues are placed in a special internal account of the transmission system operator until the conditions arise to use them for the stipulated purposes (Article 165v, paragraph 5 of the Law);
3. the transmission system operator is obliged to report to the Agency on how these revenues were used (Article 165v, paragraph 6 of the Law). If the revenues from congestion are used in the calculation to determine the transmission tariff, the transmission system operator is required to report on the use of those revenues in this report (paragraph 8 of the same Article).

II

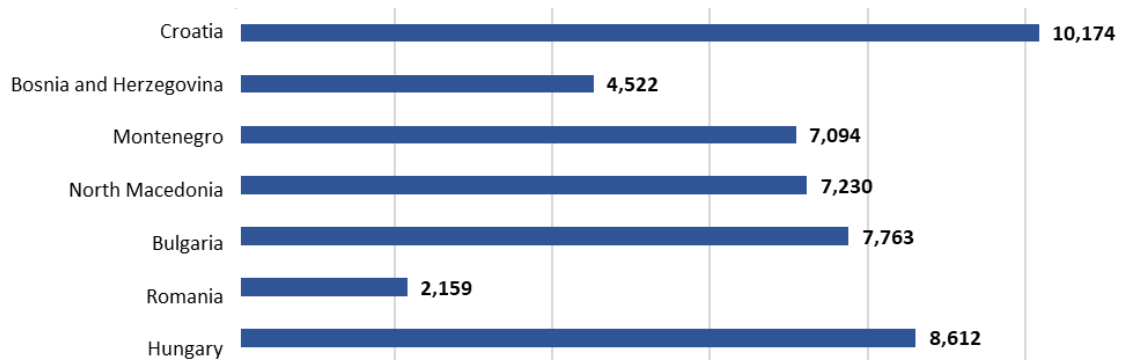
In accordance with Article 165v, paragraph 6 of the Law, the transmission system operator, Joint Stock Company "Elektromreža Srbije" Belgrade – hereinafter referred to as EMS JSC submitted the Report on the Use of Congestion Revenues for 2024, attached to their act number: 610-00-IZV-2/2025-001 dated February 25, 2025 to the Agency.

The consideration of the data on realized revenue for 2024 which were submitted to the Agency by EMS JSC in line with the methodology regulating access to the transmission system for the purpose of regular reporting (data from the Info Code tables) as well as of the data from the submitted Report on the Method of Use of Congestion Revenue for 2024 revealed that EMS JSC generated congestion revenues in 2024, on which the Agency reports in accordance with Article 165v, paragraph 7 of the Law, as follows:

1. The total revenues generated by EMS JSC from congestion management in 2024 amount to 47.553 million euros. The tables show the realized revenues generated from congestion management for each of the bidding zone borders:

Border	Realised quantity (MWh)
Hungary	17,165,254
Romania	10,880,150
Bulgaria	13,141,924
North Macedonia	17,177,675
Montenegro	8,669,439
Bosnia and Herzegovina	16,345,946
Croatia	12,939,350
Total at All Borders	96,319,738

Revenue from congestion management by borders for 2024 (in 000 EUR)



2. The revenues generated from congestion management by EMS JSC were fully used to reduce the electricity transmission tariff (the reduction was applied non-discriminately to all system users). Therefore, these revenues were not used for the realization of projects for the construction of new interconnection lines or for increasing transmission capacity between bidding zones.
3. It is acknowledged that the transmission system operator did not allocate the revenues from congestion to a special internal account for the recording of revenues generated through the implementation of congestion management mechanisms.
4. EMS JSC used all the revenues generated from congestion management in 2024 to reduce the transmission tariff for all users of the transmission system's capacity at the borders between bidding zones, who were obliged to make payments in accordance with the Law and the rules by which EMS JSC regulated the distribution and use of transmission capacities between bidding zones (Article 164 of the Law).
5. The revenues generated from congestion management during 2024 were used by EMS JSC in accordance with the provisions of the regulations in force until December 6, 2024, when the amendments and addenda to the Energy Law ("Official Gazette of the RS," No. 94/24) came into force, defining the obligations of the transmission system operator in Article 165v of the Law.

Given the above, it is concluded that, during 2024, EMS JSC used the revenues generated from congestion management in accordance with the Methodology for Setting Electricity Transmission Tariff ("Official Gazette of the RS," Nos. 93/12, 123/12, 116/14, 109/15, 98/16, 99/18, 4/19, 158/20, 71/21, 130/22, 141/22, 5/23, and 70/24) and Article 165 of the Energy Law ("Official Gazette of the RS," Nos. 145/14, 95/18 – amended, 40/21, 35/23 – amended, and 62/23), which were in force until December 6, 2024.