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SOCIOECONOMIC SUPPORTABILITY OF ELECTRICITY PRICES AND MECHANISM (COMPENZATION) AGAINST THE PROBLEMS ABSTRACT

ABSTRACT

The governments of Albania, Bosnia and Hercegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro and European Commission are working towards the development of a regional electricity market ("REM") in South East Europe ("SEE"). A key determinant of successful market opening and the attraction of private investments will be the price of electricity and the socioeconomic affordability for each category of consumers. Residential tariff increase would have social consequences for poor consumers. Therefore, the challenge presented by all the SEE governments is to make the best use of the relatively small amounts of money available through mechanisms for compensation of the electricity price. Each country develops broad strategies and mechanisms to mitigate against tariff increases through the development of social safety nets. Summary assessments of the broad options for the development of social safety nets are presented below for some countries from SEE. In most cases, further research is required in each country to develop reform options.

Keywords: electricity price, social tariffs, socioeconomic affordability.