
Climate
Change

Overview

Despite the fact that the Law on Climate Change was adopted as early as 2021, the regulatory framework remains incomplete even five years later.

The most notable progress has been achieved in setting up the monitoring, reporting, and verification system for greenhouse gas emissions, including the digitalization of the procedure and the issuance of 96 permits to operators up to May 2026.

The adoption of the Law on Greenhouse Gas Emissions Tax and the Law on Carbon-Intensive Products Import Tax has introduced the first national fiscal mechanisms for carbon pricing. Nonetheless, their potential to drive decarbonization is restricted by a low tax rate, the lack of a clear roadmap for its increase, and the absence of a mechanism to ensure the earmarked use of revenues. The Low Carbon Development Strategy is still awaiting an action plan, while the Environmental Protection Strategy has not been adopted even a year after the public consultation ended.

The release of the first report on the implementation of the Action Plan of the Program for Adaptation to Changed Climate Conditions for the year 2024 revealed limited and uneven progress, primarily focused on regulatory frameworks and capacity-building activities.

Implementation of the Reform Agenda has been sporadic. By the end of 2025, only one reform step had been achieved in the green transition sector, whereas the majority of commitments were either left unfulfilled or only partially implemented.

Despite the adoption of the Just Transition Plan in July 2025 and the formation of an interministerial working group in early 2026, no concrete activities have been implemented nor has a dedicated financial mechanism been established. The Implementation Program of Energy Sector Development Strategy

2026–2028 has been approved, drafting of a new Integrated National Energy and Climate Plan (INECP) with projections up to 2040 is underway, and the status of active customers and active customers group has been more closely defined by secondary legislation. However, certain segments of the reform are falling behind: citizen energy communities remain non-operational due to the absence of the relevant by-law, while the development of renewable energy source (RES) projects is being hindered by grid connection constraints, inadequate system balancing capacities, and new administrative requirements.

The share of renewable energy sources in gross final energy consumption edged up from 25.43% in 2023 to 25.86% in 2024, leaving this modest growth well short of the 2030 target set at 33.6%.

Strategic and Legislative Framework

Law on Climate Change

The Law on Climate Change was adopted in March 2021. It provided for the enactment of several by-laws necessary for its full implementation, with the deadline for their adoption being one year from the entry into force of the Law, except for regulations relating to aircraft operators. Five years later, this regulatory framework remains incomplete.

Since the adoption of the Law up to the end of the reporting period, a total of seven by-laws were adopted, governing specific elements of the greenhouse gas emissions monitoring, reporting, and verification (MRV) system, as well as a part of the obligations regarding climate change adaptation.[145]

The adoption of the new Law on Climate Change has been scheduled for the fourth quarter of 2026,[146] in accordance with the amendments to the National Program for the Adoption of the Acquis (NPAA 2024–2027).

145 Law on Climate Change, Official Gazette of RS, no. 26/2021, available at: https://pravno-informacioni-sistem.rs/eli/rep/sgrs/skupstina/zakon/2021/26/1

146 National Program for the Adoption of the Acquis (NPAA 2024–2027) https://www.mei.gov.rs/upload/documents/nacionalna_dokumenta/npaa/npaa_2024-2027_preciscena_verzija.pdf

Despite this, the Law is absent from the priority list set out in the 2026 Government's Work Plan.[147]

Law on Energy

The amendments to the Law on Energy from November 2024 introduced new mechanisms for final customers to actively participate in the electricity market. Nevertheless, their secondary legislation framework has not progressed evenly: while amendments to the Regulation on the Terms of Delivery and Supply of Electricity more concretely regulated the status of active customers and active customers groups, the secondary legislation necessary for the establishment and functioning of citizen energy communities has not yet been established.

Active customer

The amendments to the Regulation on the Terms of Delivery and Supply of Electricity from 2026[148] laid down the requirements and connection procedure for final customers intending to acquire the status of an active customer. It is stipulated that the installed active capacity of a power plant connected to the final customer's internal installations cannot be less than 150 kW.

Grid connection studies for potential active customers are generally prepared in two annual cycles – from March 1 to June 30, and from September 1 to December 31 – while special deadlines apply to certain potential active customers who do not feed energy back into the system. For potential active customers whose facilities are being connected to the transmission system, i.e., the part of the distribution system managed by the transmission system operator, the obligation to submit bank guarantees is also prescribed.

147 2026 Government's Work Plan, available at: https://www.gs.gov.rs/extfile/sr/255/%D0%9F%D0%9B%D0%90%D0%9D%20%D0%A0%D0%90%D0%94%D0%90%20%D0%92%D0%9B%D0%90%D0%94%D0%95%20%D0%97%D0%90%202026.%20%D0%93%D0%9E%D0%94%D0%98%D0%9D%D0%A3.pdf

148 Regulation on the Terms of Delivery and Supply of Electricity, Official Gazette of RS, no. 84 of October 5, 2023, no. 58 of July 3, 2025, no. 67 of July 31, 2025, no. 48 of May 22, 2026, available at: https://pravno-informacioni-sistem.rs/eli/rep/sgrs/vlada/uredba/2023/84/1/reg

A bank guarantee for the construction of the facility is not required for existing facilities of potential active customers permanently connected to the transmission system, featuring a type A, B or C power generating module, or an energy storage facility with an equivalent capacity, provided that the generated and stored electricity is used for self-consumption, with no possibility of feeding electricity into the power system.

Group of active customers

Amendments to the Regulation have also introduced a model allowing a group of final customers to act jointly as an active customer. The group can include customers with billing metering points in the same building with multiple residential and/or business units. In dealing with energy entities, the group acts as a single entity, while members' mutual relations, shares, and the distribution of benefits from a shared power plant or electricity storage facility are governed by a contract. The group is treated as a single entity in terms of interactions with energy entities.

Citizen energy communities

Although the Law on Energy of November 2024 prescribed a six-month deadline for the adoption of a by-law that would regulate the establishment of citizen energy communities, energy sharing among members, and the terms and content of incorporation agreements, the said by-law has not yet been adopted, thus citizen energy communities still remain non-operational.
In June 2026, the Ministry of Mining and Energy launched the process of amending the Law on the Use of Renewable Energy Sources to align with RED II Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources and partially incorporate provisions of RED III Directive (EU) 2023/2413. Plans include introducing RES acceleration areas and establishing spatial-energy mapping, improving incentive schemes and guarantees of origin, strengthening the rights of prosumers and energy communities, as well as streamlining and accelerating RES grid connection procedures.

Environmental Protection Strategy

In December 2024, the Ministry of Environmental Protection held a public consultation regarding the Draft Environmental Protection Strategy for the 2024–2033 Period. The document's structure aligns with the core pillars of the Green Agenda for the Western Balkans.

Even though more than a year has passed since the public consultation ended, the Environmental Protection Strategy and its Action Plan were not adopted during the reporting period.[149] Furthermore, its adoption is not even mentioned in the 2026 Government's Work Plan, raising doubts as to whether the timelines set in the Action Plan remain achievable. The lack of an overarching strategic document in the field of environmental protection hinders the alignment of policies concerning both environmental protection and climate change.

Regarding climate change, the Draft Strategy introduces no new targets or policy instruments, but rather incorporates existing obligations set out in the Low Carbon Development Strategy, the Program for Adaptation to Changed Climate Conditions, and the Integrated National Energy and Climate Plan.

Reform Agenda

As part of the Reform and Growth Facility for the Western Balkans, the Reform Agenda of the Republic of Serbia was adopted in October 2024, containing a specific section dedicated to the green and digital transition.

The Reform Agenda provides for full alignment with the Energy Community Treaty, the EU Third Energy Package and the Clean Energy Package, the Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, the Renewable Energy Directive (RED II and RED III), the Energy Efficiency Directive and the Energy Performance of Buildings Directive, as well as the acquis related to the EU Emission Trading System – EU ETS.

149 The Government of the Republic of Serbia adopted the Environmental Protection Strategy at its 109th session held on July 30, 2026, available at: https://www.srbija.gov.rs/prikaz/991087

First Independent Monitoring Report on the Implementation of the Reform Agenda of the Republic of Serbia,[150] prepared by the NCEU Intersectoral Working Group for Monitoring the Implementation of the Reform Agenda, reveals that, by the end of 2025, its implementation was highly uneven and largely incomplete. Only one reform step has been achieved regarding the green transition, which relates to the implementation of the Electricity Integration Package, whereas the majority of the remaining commitments remain unfulfilled or only partially completed.

The only manifest progress made concerns the establishment of the legislative and institutional framework for greenhouse gas emissions monitoring.

In the field of just energy transition, the Government has formally set up governing bodies and adopted the Just Transition Plan; however, a sustainable financial mechanism in the form of a dedicated fund for financing the just transition has yet to be established, even though the deadline for its setting up stipulated by the Reform Agenda was December 2025.

Just Transition

The Ministry of Mining and Energy held a public consultation on the Draft Just Transition Action Plan[151] between May 21 and June 10, 2025. While this formally satisfies the legal requirement to organize a public consultation, the manner in which it was conducted reflects the previous pattern of restricted involvement of the interested public. The consultation period lasted a mere 21 days – the absolute legal minimum – with only one public presentation taking place, namely in Belgrade. Not a single event was organized in the local communities that will be hardest hit by the transition, including Lazarevac, Obrenovac, Kostolac and Požarevac. This approach minimized the opportunity for citizens, workers, trade unions, and other local stakeholders to engage directly in the discussion regarding measures that will directly affect their socio-economic status.

150 First Independent Monitoring Report on the Implementation of the Reform Agenda of the Republic of Serbia, available at: https://eukonvent.org/wp-content/uploads/2026/06/First-Independent-Monitoring-Report-on-the-Implementation-of-the-Reform-Agenda-1.pdf

151 Draft Just Transition Action Plan, available at: https://www.mre.gov.rs/extfile/sr/10350/PREDLOG%20AKCIONOG%20PLANA%20PRAVEDNE%20TRANZICIJE%20MAJ%202025.pdf

The Draft Action Plan envisages a total of 15 measures for implementing the just transition process at both national and local levels. However, most of these measures pertain to preparatory activities, data analysis, and further research, while concrete support instruments for workers and coal-dependent local communities remain absent. The document lacks both a detailed assessment of the socio-economic consequences of the transition and clear indicators to monitor the successful implementation of the planned measures.

The Plan fails to establish timelines for phasing out thermal power plants, and it does not specify the pace of transition for regions currently reliant on coal exploitation and thermal power plant operations. Lacking clear deadlines, the workers, local authorities, and business entities are left without sufficient information for long-term planning and adapting to the changes brought about by the energy transition.

In July 2025, Serbia's Government adopted the Just Energy Transition Plan[152] of the Republic of Serbia Until 2030.[153] In early 2026, an interministerial working group for managing the just energy transition process was formed, comprising representatives from state institutions, civil society organizations, international organizations, and the donor community. At the initial meeting held in June 2026, it was noted that none of the activities outlined in the adopted plan had yet been implemented.

In June 2026, the European Union Support to Facilitate a Just Transition for Western Balkans Regions, Industries and Workers – JET Balkans project was launched, representing an important step towards the re-establishment of institutional support for the just transition process in the Western Balkans. The project comes after nearly two and a half years without a regional support mechanism for coal-dependent regions, following the conclusion of the Coal Regions in Transition for Western Balkans and Ukraine – CRiT WBUA initiative at the end of 2023.[154]

152 The document was adopted in the form of a Plan, rather than an Action Plan, since it has not been elaborated in terms of specific measures and activities; the envisioned measures are either "preparatory" in nature or require further analysis and research.

153 Just Energy Transition Plan of the Republic of Serbia Until 2030, available at: https://www.mre.gov.rs/extfile/sr/11676/PLAN%20PRAVEDNE%20TRANZICIJE%2022%2007%202025%20USVOJENO.pdf

154 https://www.eeas.europa.eu/delegations/bosnia-and-herzegovina/eu-support-fair-energy-transition-western-balkans-launched-

The new project is being implemented by Expertise France in partnership with the Slovenian Center for International Cooperation and Development. In contrast to the prior initiative, the project envisages the appointment of national coordinators across all Western Balkans countries and the opportunity to develop pilot activities, thereby creating avenues for a stronger connection between regional and national just transition processes.

Carbon Border Adjustment Mechanism (CBAM)

Bearing in mind Serbia's strong trade ties with the EU market, as well as the high carbon intensity of its domestic production – particularly in the energy sector – the effects of CBAM could heavily affect the competitiveness of the national economy.

During the reporting period, Serbia made initial strides towards setting up a national carbon pricing system. Following a public consultation on the Draft Law on Greenhouse Gas Emissions Tax[155] and the Draft Law on Carbon-Intensive Products Import Tax[156] organized by the Ministry of Finance, both laws were adopted on December 3, 2025, taking effect on January 1, 2026.

The deadline for drafting the key by-laws required for determining tax base, filing tax returns, claiming tax credits, and exchanging data between the relevant authorities is 180 days from the date the Law[157] enters into force.

The law-making and adoption process highlighted serious shortcomings regarding transparency and stakeholder involvement. No early-stage consultations were held during the drafting phase of this piece of legislation, and the

155 https://www.paragraf.rs/propisi/zakon-o-porezu-na-emisije-gasova-sa-efektom-staklene-baste.html

156 https://www.paragraf.rs/propisi/zakon-o-porezu-na-uvoz-ugljenicno-intenzivnih-proizvoda.html

157 In July 2026, the Government of the Republic of Serbia adopted the following pieces of legislation: Regulation on the Conditions, Criteria, and Method of Allocating Decarbonization Incentive Funds, and the Deadlines and Method of Reporting on the Use of Those Funds (Official Gazette of RS, no. 51/2026-4); Regulation on Types of Measures and Method of Reporting on Implemented Measures for Reducing Carbon Dioxide Equivalent (CO_2eq) Emissions (Official Gazette of RS, no. 51/2026-3); Rulebook on the Form, Content and Method of Filing Tax Return for Greenhouse Gas Emissions Tax, the Method of Exercising the Right to a Tax Credit, and the Form, Content, and Method of Keeping Records of Investments in Measures to Reduce Carbon Dioxide Equivalent (CO_2eq) Emissions (Official Gazette of RS, no. 65/2026-3); Rulebook on Reference Greenhouse Gas Emissions Values for Production Processes, and Activities Related to the Greenhouse Gas Emissions Tax (Official Gazette of RS, no. 62/2026-1);

public hearing period was kept to the absolute legal minimum. Furthermore, information regarding the composition of the working groups that participated in the preparation of these laws was not made public.
In addition to procedural matters, concerns persist regarding the effectiveness of the adopted approach. Uncertainty stems from the lack of a long-term carbon pricing growth trajectory. Although strategic documents foresee a gradual shift toward EU-level emission costs, the law fails to provide a mechanism for automatic tax rate hikes, or timelines for its alignment with the European system. Consequently, it remains uncertain whether the established model can ensure long-term convergence of the national system with EU ETS requirements and reduce the domestic economy's exposure to costs imposed by CBAM.

In the explanation of the Draft Law, the Ministry of Finance omitted any reference to the projections outlined in the Integrated National Energy and Climate Plan (INECP), which foresee a phased increase in CO_2 emission prices up to 40 euros per ton by 2030, with complete alignment with the European Union Emissions Trading System (EU ETS) being planned only by 2045.[158] Instead, the Ministry of Finance stated it possesses internal assessments that formed the basis for the proposed starting price of 4 euros per ton of CO_2. However, these assessments were not publicly available, nor were they included in the explanatory memorandum of the law, making it impossible to evaluate the methodology, assumptions, and arguments underlying the proposed figure.

A particular issue is the lack of legal mechanism to ensure that tax revenues are specifically earmarked for financing decarbonization measures, the energy transition, or supporting the economy in adapting to new climate requirements. Instead, these tax revenues flow into the general budget, with no obligation whatsoever to spend them on climate policies.

The adoption of the law constitutes a significant step toward establishing a carbon pricing system. However, its effectiveness will hinge upon future amendments to the regulatory framework, transparency in enforcement, the allocation of revenues, and a gradual alignment of the domestic carbon price

158 Integrated National Energy and Climate Plan of the Republic of Serbia for the Period up to 2030 with a Vision to 2050.

with European Union levels, which, at the time of writing this report, are up to 20 times higher than the current domestic tax rate of four euros per ton of CO_2 equivalent.

Implementation of Regulations

Program for Adaptation to Changed Climate Conditions of the Republic of Serbia for the 2023–2030 Period

In November 2025, the Ministry of Environmental Protection released the first Action Plan Implementation Report (for the 2024–2026 period), tracking the progress under the Program for Adaptation to Changed Climate Conditions for the 2023–2030 Period for the year 2024.[159]

The Action Plan for the 2024–2026 period encompasses 25 measures organized across four specific objectives, aimed at enhancing knowledge and awareness, strengthening institutional capacities, boosting the resilience of infrastructure and natural resources, as well as improving financial support for climate change adaptation.

Some progress was made in 2024, primarily in establishing the regulatory framework and conducting training and capacity-building activities. The Regulation on the List of Authorities and Organizations Responsible for Implementing Adaptation Measures and on the Content and Format of Reports on Implemented Climate Change Adaptation Measures has been adopted. A public opinion poll has been carried out, draft handbooks have been prepared, and training modules for agricultural advisors have been delivered, while the field of climate change has been included in the licensing programs for forestry engineers. Guidelines on incorporating green criteria into public policy documents have also been developed, alongside the adoption of a new rulebook concerning forest management. Within the framework of the Green Infrastructure Strategy of the City of Belgrade, a general overview of possible amendments to

159 2024 Action Plan Implementation Report (2024–2026) for the Program for Adaptation to Changed Climate Conditions for the 2023–2030 Period.

regulations and public policy documents has also been prepared to facilitate the implementation of the green infrastructure concept.

The Report states that activities have commenced on integrating climate change adaptation aspects into the Nature Conservation Program, as well as on improving the methodology for developing local climate change adaptation plans. The analysis regarding the use of meteorological data from other institutions has also been initiated, and a new agrometeorological drought-monitoring tool has been introduced into operational use. Furthermore, support to local self-government units has also continued through training sessions and afforestation projects.

The implementation of the Action Plan, however, has been uneven. Out of 54 activities included in the Plan, ten were due by the end of 2024, and another seven were scheduled for completion by the end of 2025, while the deadline for the remaining 37 is the end of 2026. According to the status as of the end of 2024, ten activities have been completed, seven were in progress, 24 have not yet started, while the status for 13 was not specified. Out of ten activities scheduled for completion by the end of 2024, five have been completed, one has not been initiated, while for four no status was provided. The methodology for assessing damages, losses and needs from natural disasters has not been developed, the planned analysis on the potential use of existing artificial reservoirs for irrigation has not been carried out, nor have any updates been provided regarding the development and adoption of the green budget expenditure tagging methodology.

Due to a lack of data, it is currently not possible to fully evaluate progress against specific targets. Within the specific objective related to raising awareness, knowledge, and understanding of climate change impacts, progress was noted through a higher number of visits to the Digital Climate Atlas than planned. Nevertheless, the actual values for indicators concerning the development of studies, handbooks, and methodologies were not displayed. The target objective – requiring 50% of adopted sectoral public policy documents to recognize climate change impacts and incorporate adaptation measures – has not been met, given that the reported value for 2024 stood at 0%. Furthermore,

no achieved values were presented for indicators relating to the inclusion of climate change in capital projects and the provision of financial resources for adaptation.

The Ministry for Human and Minority Rights and Social Dialogue, in cooperation with the Ministry of Environmental Protection, issued a Public Call to Civil Society Organizations to Submit Applications for Membership in the Working Group for Drafting the Action Plan for the 2027–2030 Period Regarding the Implementation of the Program for Adaptation to Changed Climate Conditions for the 2023–2030 Period.[160] The call for applications remained open from May 22 through June 15, 2026, during which period three civil society organizations applied. Following the completion of the procedure, the proposal of civil society organization representatives for membership in the Working Group was published.

Low Carbon Development Strategy

The Low Carbon Development Strategy of the Republic of Serbia 2023–2030 with Projections Until 2050, was adopted in June 2023. It targets a 33% cut in greenhouse gas emissions by 2030 and 65.4% reduction by 2050, using 1990 as the baseline. However, the strategy does not set a goal for climate neutrality by the middle of the century.

The implementation of the Strategy has been stalled because, despite the legal obligation, the Action Plan – which is envisioned by the Law on Climate Change as an instrument for achieving its goals – has not been adopted.

In its report on implementing the recommendations of the State Audit Institution, the Ministry of Environmental Protection stated that following the adoption of the INECP, it decided against drafting a separate Action Plan, explaining that the INECP already incorporates measures and activities for the implementation of the Strategy, as well as a financial cost assessment and a timeline for implementation. At the same time, the Ministry announced amendments to the Law on Climate Change to formally establish the INECP as

160 Public Call to Civil Society Organizations to Submit Applications for Membership in the Working Group for Drafting the Action Plan for the 2027–2030 Period for the Implementation of the Program for Adaptation to Changed Climate Conditions for the 2023–2030 Period, available at: https://minljmpdd.gov.rs/javni-poziv-organizacijama-civilnog-drustva-za-podnosenje-kandidature-za-clanstvo-u-radnoj-grupi-za-izradu-akcionog-plana-za-period-od-2027-do-2030-godine-za-sprovodjenje-programa-prilagodjavanja-na/

the primary instrument for implementing long-term strategy measures. The adoption of the revised law is expected by the first quarter of 2027.[161]

Integrated National Energy and Climate Plan (INECP)

During the reporting period, the development of a new Integrated National Energy and Climate Plan of the Republic of Serbia with Projections Until 2040 was initiated. The document is being prepared with the support of a project funded through the European Union's Instrument for Pre-accession Assistance (IPA), aiming to improve the planning and reporting system in alignment with the commitments under the Energy Community Treaty.

Following a public call issued by the Ministry of Mining and Energy for the selection of civil society representatives, four organizations were included in the plan-drafting process. Subsequent to the introductory meeting of the working group held in May 2026, no further activities have been recorded. According to the information presented at the meeting, the adoption of the new INECP is scheduled for completion by the end of 2027.
Between April 22 and May 11, 2026, the Ministry held public consultations regarding the draft rulebook on the preparation of and reporting on the INECP.

Implementation Program of the Energy Sector Development Strategy
Adopted in March 2026, the Implementation Program of the Energy Sector Development Strategy of the Republic of Serbia for the 2026–2028 Period serves as the operational document for carrying out objectives outlined in the Energy Sector Development Strategy of the Republic of Serbia Until 2040, with Projections Until 2050.

The Program recognizes the necessity of enhancing the regulatory framework to foster the advancement of renewable energy sources, citizen energy communities, and active customers. Amendments to secondary legislation are planned to more precisely regulate the procedures for connection to the power

161 Report on the Implementation of Recommendations to Eliminate Inefficiencies Identified in the Performance Audit 'Readiness of the Republic of Serbia for Climate Change Adaptation', available at: https://www.dri.rs/storage/newaudits/2025-2-OD%20SV%20Spremnost%20Republike%20Srbije%20za%20prilagodjavanje%20na%20klimatske%20promene%20Ministarstvo%20zastite%20zivotne%20sredine.pdf

grid, improve the models for using renewable energy sources, and remove administrative barriers for the development of citizen energy.

On a positive note, the Program introduces greater transparency to grid connection process for new generation capacities through the public disclosure of available capacities and the list of submitted connection requests. However, it remains to be seen to what extent the planned activities will be implemented and whether the predicted regulatory changes will enable the participation of citizens, local communities, and smaller producers in the electricity market.

The projected increases to prosumer installed capacity (from 30 MW in 2026, 35 MW in 2027, 40 MW in 2028) seem insufficiently ambitious compared to the Integrated National Energy and Climate Plan's target of 0.5 GW of installed capacity for self-consumption by 2030. Specifically, approximately 128 MW was installed between April 2022 and the end of 2025. Assuming the projected 105 MW increase is achieved during the 2026–2028 period, the total capacity would reach 233 MW. Consequently, an additional 267 MW would need to be installed over 2029 and 2030, which is more than half of the total capacity required to meet the 0.5 GW target by 2030.

Renewable Energy Sources

During the reporting period, the development of renewable energy sources (RES) projects was hindered by grid connection restrictions caused by a lack of system balancing capacity, the introduction of new administrative requirements in the construction process, and regulatory postponements affecting certain stages of the grid connection procedure.

Following the approval of the Transmission System Development Plan for the 2025–2034 Period,[162] conditions have been established for delaying the grid connection of power plants using variable RES[163] due to insufficient system

162 Transmission System Development Plan of the Republic of Serbia for the 2025–2034 Period, Elektromreža Srbije AD, available at: https://ems.rs/wp-content/uploads/2025/12/Plan-razvoja-prenosnog-sistema-2025-2034.pdf

163 Notification of the Occurrence of Conditions for the Postponement of the Grid Connection Procedure, Elektromreža Srbije AD, available at: https://ems.rs/obavestenje-o-nastupanju-uslova-za-odlaganje-postupka-prikljucenja/

balancing capacity. An exception is made for projects that can provide the required secondary reserve capacity.

At the same time, amendments to construction regulations[164] have introduced the obligation to obtain a works approval decision for small renewable energy power plants with a capacity of up to 50 kW, solar power plants of prosumers with a capacity from 10.8 to 150 kW, and similar systems equipped with energy storage. A lack of clear implementation guidelines for these new provisions led to a temporary suspension of operations by the distribution system operator, resulting in delays in the grid connection process.

Amendments to the Regulation on the Terms of Delivery and Supply of Electricity[165] stipulate that the transmission system operator is to conclude contracts for the preparation of grid connection studies based on complete requests submitted by variable RES electricity producers prior to the entry into force of the amendments after August 1, 2029, whereas the grid connection studies based on those requests are to be prepared from September 1 to December 31, 2029.

From 2021 to 2024, the share of energy from renewable sources in gross final consumption increased by only 0.6 percentage points, rising from 25.26% to 25.86%.

The electricity sector saw an increase from 29.9% to 32.05%, while the share in the heating and cooling sector rose from 35.40% to 37.23%. The transport sector experienced stagnation, showing a marginal decrease from 0.62% to 0.59%.

164 Rulebook on Special Types of Structures and Special Types of Works Not Requiring Decision of the Responsible Authority, as well as on Types of Structures Built, i.e., Types of Works Performed on the Basis of a Works Approval Decision, as well as the Scope, Content, and Control of the Technical Documentation Submitted with the Request and the Procedure Conducted by the Responsible Authority: 87/2023-79, 16/2024-36, 16/2026-71, Article 4, item 30, available at: https://pravno-informacioni-sistem.rs/eli/rep/sgrs/ministarstva/pravilnik/2024/16/2

165 Regulation on the Terms of Delivery and Supply of Electricity, Official Gazette of RS, no. 84 of October 5, 2023, no. 58 of July 3, 2025, no. 67 of July 31, 2025, no. 48 of May 22, 2026, available at: https://pravno-informacioni-sistem.rs/eli/rep/sgrs/vlada/uredba/2023/84/1/reg

Share of energy from RES[166]	2021	2022	2023	2024	2030 Target[167]
Gross final energy consumption	25.26	24.67	25.43	25.86	33.6%
Electricity sector	29.9	30.14	31.75	32.05	45.2%
Heating and cooling sector	35.4	34.73	35.88	37.23	41.4%
Transport sector	0.62	0.6	0.6	0.59	3.2%

The growth momentum achieved thus far falls short of meeting the targets established in the INECP. Compared to the 2024 results, the total share of RES needs to be increased by 7.74 percentage points by 2030.

Monitoring, Reporting and Verification (MRV) System of Greenhouse Gas Emissions

The adoption of by-laws has created regulatory framework for establishing a system that represents one of the fundamental requirements of European climate legislation.

The basic elements of the system for monitoring emissions and issuing permits to plant operators have been established through the adoption of the Rulebook on Verification and Accreditation of Verifiers, the Regulation on the Types of Activities and Greenhouse Gases, and the Rulebook on Monitoring and Reporting of Greenhouse Gas Emissions. This enables the enforcement of the provisions of the Law on Climate Change related to the identification of operators, the preparation of monitoring plans, and the verification of emissions data.

The establishment of the system was considerably delayed relative to the deadlines stipulated by law. Owing to delays in adopting the key rulebook on monitoring and reporting, the commencement of the MRV system's operation

166 Share of energy from RES in gross final energy consumption in the Republic of Serbia, April 30, 2026, Statistical Office of the Republic of Serbia, available at: https://data.stat.gov.rs/Home/Result/SDGUN070201?languageCode=sr-Latn

167 Targets outlined in INECP.

was put on hold for nearly three years. As a consequence, the issuance of the first greenhouse gas emission permits did not begin until late 2024, almost four years after the Law entered into force.

An electronic system for monitoring, reporting, and verification has been established through the e-GHG portal. By the end of May 2026, the Ministry of Environmental Protection had issued a total of 96 greenhouse gas emission permits.[168]

National Climate Change Council

Following the formation of the new Government in April 2025, and due to organizational and personnel changes in the bodies represented in the National Climate Change Council, in September 2025, the Government of the Republic of Serbia adopted a new Decision on the Appointment of Representatives and Members of the National Climate Change Council.[169] The National Climate Change Council held its fifth session[170] on December 26, 2025, during which the Minutes of the Council's fourth session, the 2024 Council Work Report,[171] and the new Rules of Procedure of the National Climate Change Council were adopted.[172]

168 https://e-ghg-portal.ekologija.gov.rs/sign_in

169 Decision on the Appointment of Representatives and Members of the National Climate Change Council, available at https://pravno-informacioni-sistem.rs/slglrsViewPdf/4a02785f-7a9c-4920-aced-0dd735fb51a0?fromLink=true

170 Minutes of the Fifth Session of the National Climate Change Council, available at: https://www.ekologija.gov.rs/sites/default/files/2026-02/%D0%97%D0%B0%D0%BF%D0%B8%D1%81%D0%BD%D0%B8%D0%BA%20%D1%81%D0%B0%205.%20%D1%81%D0%B5%D0%B4%D0%BD%D0%B8%D1%86%D0%B5%20%D0%9D%D0%B0%D1%86%D0%B8%D0%BE%D0%BD%D0%B0%D0%BB%D0%BD%D0%BE%D0%B3%20%D1%81%D0%B0%D0%B2%D0%B5%D1%82%D0%B0%20%D0%B7%D0%B0%20%D0%BA%D0%BB%D0%B8%D0%BC%D0%B0%D1%82%D1%81%D0%BA%D0%B5%20%D0%BF%D1%80%D0%BE%D0%BC%D0%B5%D0%BD%D0%B5_.pdf

171 Report on the Work of the National Climate Change Council, available at: https://www.ekologija.gov.rs/sites/default/files/2026-01/%D0%98%D0%B7%D0%B2%D0%B5%D1%88%D1%82%D0%B0%D1%98%20%D0%BE%20%D1%80%D0%B0%D0%B4%D1%83%20%D0%A1%D0%B0%D0%B2%D0%B5%D1%82%D0%B0%20%D0%B7%D0%B0%202024.%20%D0%B3%D0%BE%D0%B4%D0%B8%D0%BD%D1%83.pdf

172 Rules of Procedure of the National Climate Change Council, available at: https://www.ekologija.gov.rs/sites/default/files/2026-01/%D0%9F%D0%BE%D1%81%D0%BB%D0%BE%D0%B2%D0%BD%D0%B8%D0%BA%20%D0%BE%20%D1%80%D0%B0%D0%B4%D1%83%20%D0%9D%D0%B0%D1%86%D0%B8%D0%BE%D0%BD%D0%B0%D0%BB%D0%BD%D0%BE%D0%B3%20%D1%81%D0%B0%D0%B2%D0%B5%D1%82%D0%B0%20%D0%B7%D0%B0%20%D0%BA%D0%BB%D0%B8%D0%BC%D0%B0%D1%82%D1%81%D0%BA%D0%B5%20%D0%BF%D1%80%D0%BE%D0%BC%D0%B5%D0%BD%D0%B5.pdf

The Ministry of Environmental Protection presented the progress made in the field of climate change, including the submission of the Second National Greenhouse Gas Inventory Report for the 1990–2023 Period, and the 2024 Proxy Greenhouse Gas Inventory to the Secretariat of the Framework Convention, the adoption of Nationally Determined Contribution of the Republic of Serbia for the period up to 2035, as well as the establishment of a monitoring, reporting, verification, and accreditation system, including a fully digitized procedure for issuing greenhouse gas emission permits.

The Law on Greenhouse Gas Emissions Tax and the Law on Carbon-Intensive Products Import Tax have been presented, introducing fiscal mechanisms to tax emissions from certain industrial activities and imported carbon-intensive products.

The revision of the Law on Climate Change and the drafting of the new Action Plan for the Program for Adaptation to Changed Climate Conditions for the 2027–2030 Period have been presented, and activities are now underway.

Although the State Audit Institution recommended holding Council sessions at least once every six months and considering greater involvement of the scientific and professional public and civil society organizations, the Council met only once during the reporting period, and that meeting was predominantly informative in nature. The announced consideration of modalities for a more intensive involvement of the scientific community and civil society organizations was not accompanied by concrete decisions.

Recommendations

Strategic and Legislative Framework

1. Adopt all necessary by-laws in order for the Law on Climate Change to be applied.
2. Adopt an Action Plan for the implementation of the Low Carbon Development Strategy 2023–2030 with Projections Until 2050.
3. Integrate climate change issues into the process of drafting development plans by local self-government units and by adopting the necessary by-laws. Based on the Law on Climate Change, establish a mechanism for monitoring the development and work of local self-government units on the issues of climate change mitigation.
4. Harmonize the INECP with the Decision of the Ministerial Council of the Energy Community no. 2022/02/MC-EnC and set objectives that are in line with Serbia's obligations assumed as part of the Energy Community and the Green Agenda for the Western Balkans.
5. In accordance with the Law on Climate Change (Article 15), define and adapt the legal and institutional framework related to adaptation to climate change, and integrate it into other sectors, primarily water management, agriculture, urban planning and construction, infrastructure, forestry, nature protection and energy.
6. Amend the Law on Greenhouse Gas Emissions Tax to clearly earmark revenues for decarbonization and just energy transition projects, and to determine a clear and predictable tax rate growth trajectory up to 2030, in line with the ETS.
7. Adopt all necessary by-laws in order for the Law on Energy to be applied.

Implementation of Regulations

8. Improve the work of the National Climate Change Council through holding of regular sessions, broader engagement of scientific experts and civil society organizations, making recommendations to the Government of Serbia on issues relevant to climate change, and public reporting on the Council's activities.
9. Make information on the GHG inventory publicly available, verifiable and easily accessible, in accordance with laws of the Republic of Serbia and international obligations, such as the Aarhus Convention and the Paris Agreement.
10. Enhance the number and skills of civil servants (at the Ministry, Environmental Protection Agency and local self-government units) dealing with climate change in various sectors and focus on building their capacities.
11. Establish the Just Transition Fund of the Republic of Serbia, in line with the Reform Agenda and the Just Energy Transition Plan, to finance measures for mitigating the socio-economic consequences of carbon emission reductions, support workers and local communities in affected regions, and ensure stable and predictable funding for the transition to a low carbon economy.
12. Improve the system for monitoring the implementation of the Adaptation Program Action Plan and ensure regular annual reporting, providing complete data on the status of all activities, achieved indicators, funds spent, reasons for delays, and corrective measures taken.
13. Update the Nationally Determined Contribution of the Republic of Serbia to include an absolute economy-wide greenhouse gas emissions reduction target aligned with the 1.5°C global warming limit, the IPCC findings, and the outcomes of the first Global Stocktake under Paris Agreement.

Financing

14. Significantly increase state investments in climate change adaptation and mitigation, and develop financial mechanisms to support the implementation of the priorities outlined in the Low Carbon Development Strategy (which must be aligned with Serbia's EU accession process and the objective of achieving climate neutrality by 2050).

CLIMATE CHANGE

CARBON PRICES IN SERBIA AND THE EU IN 2026



€ 4
/tCO$_2$



National greenhouse gas emissions tax



€ 70–85
/tCO$_2$



EU Emissions Trading System (EU ETS)

WHY DOES THE DIFFERENCE MATTER?*



COSTS FOR SERBIAN EXPORTS TO THE EU

Costs will initially be moderate but will become substantial by 2030. In 2026, total costs for industrial products, excluding electricity, are estimated at approximately **€45 milion**.



SERBIA'S ECONOMY AND COMPETITIVENESS

Serbia's economy has a significantly higher carbon footprint per unit of output than its EU competitors. Emissions from industrial products, excluding electricity, are **15–20%** higher.



CARBON INTENSITY OF ELECTRICITY GENERATION

Electricity generation in Serbia is **3–4**times more carbon-intensive than in the EU. In 2026, CBAM has significantly reduced the competitiveness of Serbia's electricity exports to the EU.

* Fiscal Council, Serbia's Climate and Energy Transition and Public Finances: Will CBAM Be a Trigger for Change?, October 2025, Belgrade.