

The Secretariat of the Energy Community (EnC) said that the Advisory Committee had submitted an official opinion in the case against Bosnia and Herzegovina in relation to the state guarantee provided by the Federation of Bosnia and Herzegovina (FBiH) for the loan that power utility EPBiH took from the Chinese Eximbank, for the construction of unit 7 at coal-fired thermal power plant Tuzla.

The Advisory Committee confirmed the argumentation of the Energy Community Secretariat that the decision of the BiH State Aid Council is not in accordance with the rules of the European Union on state aid, and that the loan guarantee for Block 7 constitutes state aid. The opinion of the Advisory Committee is required as a final step before the Council of Ministers of the Energy Community decides on this issue on 30 November.

Denis Zisko from the Aarhus Center said that this is another in a series of confirmations that the construction of unit 7 at TPP Tuzla has no future. He added that the project is in serious problems due to the withdrawal of General Electric from the delivery of equipment defined by the contract. The contractor, Gezhouba Group, is offering alternative Chinese technology, and FBiH authorities are currently considering whether to abandon the project or risk continuing the project with unknown Chinese technology.

Pippa Gallop from the CEE Bankwatch network said that the construction of unit 7 at TPP Tuzla is presented as a development opportunity for FBiH, however, the assumptions included in the feasibility study are absolutely unrealistic and there is no theory that unit 7 will be cost effective. This news from the EnC is another reason to abandon the project and develop sustainable alternatives.

In 2018, the Energy Community Secretariat has sent an Opening Letter to Bosnia and Herzegovina in which it addressed its concerns regarding the state aid compliance of a public guarantee granted in favor of Chinese Exim Bank for a loan by the latter to the state-owned power utility EPBiH. This guarantee has been found by the State Aid Council of Bosnia and Herzegovina not to contain elements of state aid. By sending the Opening Letter, the Secretariat initiated a preliminary procedure.

Last June, the EnC Secretariat submitted a Reasoned Request to the Ministerial Council for a Decision under Article 91 of the Energy Community Treaty. The case concerns compliance with the Energy Community State aid rules by a decision of the State Aid Council of Bosnia and Herzegovina of 23 July 2018, deciding that a guarantee issued by FBiH in favor of the Export- Import Bank of China to secure a loan to power utility EPBiH does not constitute state aid within the meaning of Article 18(1)(c) of the Treaty.