

Bosnian power utility EPBiH has selected Austrian law firm Knoetzl Haugeneder Netal from Vienna for a fee of 335,000 euros, thus completing the selection of legal representation services in arbitration procedure against Austrian Strabag, related to the project for the construction of hydropower plant Vranduk.

In January 2016, EPBiH has signed a contract worth 57.4 million euros with the joint venture of Austrian Strabag and Croatian Koncar. The signed turnkey contract includes the development of project documentation, production, delivery and installation of equipment, construction works and testing and commissioning of the plant. The construction of HPP Vranduk was officially launched on 8 September 2016. Construction works on HPP Vranduk were stopped in April 2017, when Strabag asked for additional funds, but EPBiH did not consent to it so Strabag terminated the contract. The Austrian company announced that it will file a lawsuit against EPBiH and will launch an international arbitration. The reasons for the dispute between the investor EPBiH and the contractor Strabag are related to the cost of the project. Strabag argued that, although construction works on the plant were launched in September last year, the building permit has not been obtained yet. In addition, Strabag tried to increase the price of the project by 2.5 million euros due to additional, unexpected costs. According to the concession agreement from August 2012, EPBiH will design, build and operate the plant. The concession period will be 30 years, with extension option. EPBiH is obliged to pay one-time concession fee of 1.1 million euros, while annual concession fee will be 2.43 % of the annual income. HPP Vranduk will be built on Bosna river near Zenica and will have power output of 19.6 MW, while its annual electricity production should reach 97 GWh. HPP Vranduk will be the first of the 25 cascade HPPs on the Bosna river that should be built until 2025 and it should be commissioned by the end of 2019.