

The European Bank For Reconstruction and Development (EBRD) said that it will provide financing in the amount of 46 million euros in order to help the city of Zenica to replace old coal-fired power plant with a new, combined heat and power plant.

The statement from the Bank said that the future plant will supply heat for the city's district heating system and electricity for ArcelorMittal steel mill. The project will be implemented through a joint venture comprising of Zenica municipality, ArcelorMittal and two Finnish companies - KPA Unicon and Finnfund.

The package consists of a 28 million euros loan for the EBRD's own account and a loan of up to 18 million euros provided by Banca Intesa Sanpaolo. The EBRD portion includes a 23 million euros from the bank and 5 million euros of concessional financing from the International Cooperation and Development Fund.

According to the project, the existing coal-fired boilers at the power plant of the steel mill will be replaced by gas-fired boilers. The new steam boilers will run on recovery gases from the steel mill and the coal will be completely phased out, which will result in efficient and cost-effective use of resources.