

## **Bosnia and Herzegovina: FBiH Government to accelerate TPP Tuzla, Banovici projects**

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The Government of the Federation of Bosnia and Herzegovina (FBiH) adopted the information of the Federal Ministry of Energy, Mining and Industry on the state of coalmine operators within the power utility EPBiH in the past ten years.

EPBiH is tasked with drafting an analysis of the current organizational relations between the parent company and its coalmine subsidiaries and the management of the parent company and its coalmine subsidiaries in order to continue the process of restructuring of the electricity and coal sector.

FBiH Government also tasked the state-owned power utility to accelerate all activities related to the projects for the construction of new units at existing coal-fired thermal power plants Tuzla (unit 7) and Kakanj (unit 8), as well as the project for the construction of TPP Banovici near the coalmine of the same name. EPBiH should also prepare a revision of total coal reserves in FBiH.

In November 2017, EPBiH signed a loan agreement with Chinese Exim Bank for financing the construction of unit 7 at TPP Tuzla on the sidelines of a meeting of the heads of Governments of China and 16 Central and East European countries held in Budapest. The net agreed price under the EPC contract is 722.35 million euros (without VAT). The maturity of the loan from China's Exim Bank is 20 years, with a 5-years grace period. The loan will cover 85 % of the investment, while the remaining 15 % will be provided from EPBiH's own funds. The Parliament approved the loan in April 2019. TPP Tuzla has 6 units with overall output of 715 MW. New unit 7 will be replacement capacity for units 1 and 2 (32 MW each), which have already been shut down and units 3 (100 MW) and 4 (200 MW) which should be put out of operation in 2018, but will most likely continue to operate until 2020. When unit 7 is completed, it will provide al-most a quarter of electricity produced by EPBiH.

EPBiH plans to build a new 350 MW thermal power plant near Banovici coalmine, which also supplies coal to TPP Tuzla. The cost of the project is estimated at some 500 million euros, where the unit was initially supposed to be completed during 2018, but the start of the construction was delayed. The future unit and its output will be owned by the RMU Banovici. It is the largest and most profitable coalmine in Bosnia and Herzegovina. The offer of Chinese company Dongfang Electric Corporation Limited was selected as the best at the tender which concluded in mid-2015. Dong-fang was involved in the construction of coal-fired TPP Stanari in the Republic of Srpska as a contractor. In late 2017, The Government of the Federation of Bosnia and Herzegovina (FBiH) approved the energy permit for the future plant.