

Bosnia and Herzegovina: Gas interconnection with Croatia will enable lower gas prices

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Minister of Energy, Mining and Industry of the Federation of Bosnia and Herzegovina (FBiH) Nermin Dzindic said that with the construction of 115 kilometers long gas pipeline to Zagvozd in Croatia FBiH will no longer be dependent on Russian natural gas, which will lead to lower price of this energy resource.

FBiH Government adopted the public investment program for 2020-2022 period, which includes the construction of gas interconnection with Croatia. It is planned that the pipeline, which will connect to Croatian gas network in Zagvozd will be built by the end of 2023. Part of the funding for the project will be provided by BH-Gas, while the other part will be financed through loans. Minister Dzindic stressed that FBiH is currently forced to buy natural gas from Russian Gazprom, but in case of other options, prices could be up to 30 % lower.

Last month, the European Bank for Reconstruction and Development (EBRD) and Bosnian company BH-Gas launched a tender for the selection of consultant for the development of feasibility study and environmental impact assessment study of the proposed gas interconnection between BiH and Croatia.

For the development of these studies, BH-Gas received a grant from USAID, which will be realized through the EBRD. In late 2018, The Government of the Federation of Bosnia and Herzegovina (FBiH) declared the project of BH-Gas for the connection with neighboring Croatia via ZagvozdPosusje-Travnik-Novi Travnik gas pipeline a project of strategic interest and tasked the Ministry of Energy, Mining and Industry to intensify activities on its realization. The statement from BH-Gas said that the project was supported by the United States and USAID which are ready to finance the preparation of technical documentation, feasibility study, preliminary design and environmental impact assessment study.

The future gas interconnection will make it possible for FBiH to have access to the trunk pipeline which will also provide a connection with the future LNG terminal on the Croatian island of Krk. Preparation of all the necessary documentation should be completed within 12 month and the gas link is expected to become operational by the end of 2023.