

The Government of the Federation of Bosnia and Herzegovina (FBiH) was informed by the management of power utility EPBiH that the Chinese contractor Gezhoubu is requesting an amendment to the signed contract, which is not possible because it was adopted by the Federal Government. Thus, changing any detail of the contract would involve a renegotiation process and re-approval by the said institutions.

The problem arose after the US company General Electric (GE) cancelled its cooperation with the Chinese contractor, and the contract signed between EPBiH and the Chinese consortium specifies the list of approved subcontractors, including GE. General Electric was to supply equipment for the new unit. General Electric withdrew from the project due to pressure from the European Union, which has taken a position that does not support the construction of any coal-fired power plants.

FBiH Government has already adopted an alternative plan if the Chinese consortium will not be able to fulfill its obligations, which is evident at this moment. Namely, the Federal Government intends to overhaul the existing TPP Tuzla and TPP Kakanj coal-fired units. The overhaul will be done within three years and funds have been provided for that. It is an alternative to shutting down the existing coal-fired units, which should be done in 2023. In November 2017, EPBiH signed a loan agreement with Chinese Exim Bank for financing the construction of unit 7 at TPP Tuzla on the side-lines 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. 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 almost a quarter of electricity produced by EPBiH.