

Bosnia: Chinese bidders Dongfang, Shangai and Gezhouba compete for new TPP Banovici project

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Three Chinese companies are ready to finance and build TPP. Thermal Power Plant is the salvation for Banovici municipality claim from city administration.

During august, a consultant will review, and after that management of Banovici Mine will choose the best offer for the construction of thermal power plant Banovici.

According to Munever Cergic, director of the Brown Coal Mine Banovici, three Chinese companies have offered financing and construction of thermal power plant of 350 megawatts (MW). It is a company Shanghai Electric Group Ltd, China Gezhouba Group Company Ltd. and Dongfang Electric Corporation Ltd. He added that it is not true that the media is transferred to a cost-optimized offering Shanghai Electric Group. He said the order of the companies, according to the bid price is: Dongfang, then Shanghai, and China Gezhouba. All bids are around 490 MEUR and the difference is in the nuances.

Scoring

"Now we review offer. It does not mean that the lowest price also is the best offer. Bidders had earlier told what it would be evaluated, and these are economic and technical parameters", said Obadiah Mumic, Head of TPP Banovici.

According to him, the economic parameters include the price and the domestic sector participation in the construction of thermal power plants. According to the set criteria, local companies must carry out at least 20 percent of the work, and these are construction and installation works.

As for the technical parameters, most attention will be paid to the equipment quality. It is not stated as a condition where the equipment has to be produced and who is a manufacturer since all these companies are producing equipment and it is logical that the best is to install their own equipment.

After the management of Rudnik chooses a preferred bidder, the report will be submitted to the Government of BiH Federation and the Parliament, which must give its consent to the selection of the best offer and what ultimately has to be verified by the Company council. This is followed by the conclusion of agreements with banks about financing the project. Each of the companies applied for the financing and construction of TPP Banovici already has banks with which it cooperates in this project, therefore, funding is secured, although the terms of the financing can still negotiate.

"The plan is that construction of thermal power plant begins in May next year, which should

be completed in 40 months, so that the beginning of the new facilities can be expected in 2019th", said Mumic.

Unit 6

Given that Unit 6 of Thermal Power Plant Tuzla, which will soon be switched off and the replacement Unit 7 is planned on lignite, consumes almost all the coal production from Banovici, Brown coal mine Banovici will lose its market for several years.

"Banovici produces about one million tons of coal, if we exclude Unit 6, we will not have a place for delivering a million tons of coal, which will mean the end of the mine in Banovici, layoff, or the end of the municipality of Banovici. That is why this thermal power plant in Banovici we consider the replacement plant, which will use coal, which so far has used Unit 6 in TPP Tuzla", said Mumic.

The power plant should produce 2,047 gigawatt-hours (GWh) of electricity per year.