

Bosnia: EnC advises FBiH not to support loan agreement for the construction of TPP Tuzla's unit 7

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The Energy Community (EnC) Secretariat has recommended to the Parliament of the Federation of Bosnia and Herzegovina (FBiH) to not approve guarantees for the loan provided by Chinese Exim Bank for the purpose of the construction of 450 MW unit 7 at thermal power plant Tuzla.

The Energy Community Secretariat has sent a letter to the Parliament in the context of its task to oversee compliance of the Parties to the Treaty Establishing the Energy Community with the Energy Community law, and in particular the enforcement of the Energy Community state aid acquis. The Secretariat raised serious doubts as to the decision of the State Aid Council, namely that the guarantee at issue does not constitute state aid.

In August, FBiH Government has decided to provide guarantees for a loan agreement between EPBiH and Chinese Exim Bank, which will be used for the construction of unit 7 at TPP Tuzla and tasked the Ministry of Finance to sign all the necessary documents. At the same time, Executive Director for Capital Investments at EPBiH Senad Salkic said that in the best case scenario, the construction of unit 7 could start in September this year, which means that it would be completed in March or April 2022, after which a six-month trial period should start. Therefore, unit 7 at TPP Tuzla could be put into operation in early 2023.

Last month, Bosnian media reported that Chinese consortium is not satisfied with constant delays and will withdraw from the project unless it is approved by the Federal Parliament by the end of the month. Chinese Embassy denied such claims, adding that the project is very important for economic development of Bosnia and Herzegovina and both countries are actively working on its implementation.

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.