

The Supervisory Board of the Bosnian state-owned power utility EPBiH has accepted the information of the company's Management Board on the financing agreement for the construction of unit 7 at thermal power plant Tuzla with the Chinese Exim Bank.

This is the largest post-war investment in Bosnia and Herzegovina, but the project is in preparatory phase in the last ten years. Some energy experts still argue that the project is too expensive for EPBiH and that the new unit at TPP Tuzla could be built at much lower price, however it is very likely that the financing agreement will be approved by the Parliament of the Federation of Bosnia and Herzegovina (FBiH).

EPBiH managed to reach an agreement with the Chinese side for a 20-year loan with five years grace period, and the company is confident that it could repay the loan from its own resources, regardless of the changes in the price movement of electricity on the world market. The interest rate is 2.5 % and studies have shown that EPBiH could repay the loan without any problems. The net agreed price under the EPC contract for the construction of unit 7 at TPP Tuzla is 722.35 million euros (without VAT). The management of EPBiH will send the request for state guarantees to FBiH Government in the following days and it has to be approved by the Federal Parliament.

It is expected that the loan agreement on the construction of unit 7 at TPP Tuzla will be finalized within the next two months and that the final agreement will be signed at the Summit in Budapest on 28 November. Earlier in September, Director of EPBiH Bajazit Jasarevic said that the preparatory works for the construction unit 7 at TPP Tuzla could start in five to six months.

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. The future unit 7 will have 450 MW of electric output combined with 300 MW of heat output, with annual generation of 2.75 TWh. When unit 7 is completed, it will provide almost a quarter of electricity produced by EPBiH.