

Bosnia: Government will audit TPP Tuzla unit 7 project

Categories : [SEE Energy News](#)

Date : November 7, 2016

In light of recent criticism of the project for the construction of unit 7 at thermal power plant Tuzla by opposition leaders, Prime Minister of the Federation of Bosnia and Herzegovina (FBiH) Fadil Novalic said that the project will not be approved without prior audit by the Government.

PM Novalic stressed that the Government will audit the project and it must have guarantees from state-owned power utility EPBiH in order to provide state guarantees for the project, but the Government did not receive anything from EPBiH so far. Regarding the question why the audit has not been performed yet, he stated that during negotiations with Chinese partners the cost of the project was reduced by some 68 million euros. According to PM Novalic, the cost of the project is currently about 730 million euros as one of the bidders submitted 10 % lower price, which was accepted by the Government.

President of the Party for Bosnia and Herzegovina and energy expert Amer Jerlagic considers that this is an expensive project which will cause the increase in the price of electricity by 32 %. According to him, the project is enormously expensive, unprofitable and unfeasible, especially in terms of today's electricity prices on the European markets, which are almost twice cheaper than electricity produced by the new unit (which is estimated at about 55 euros/MWh). Regarding the energy aspect of the project, he said that the time is not right and the signing of the agreement with the Chinese should be delayed for a year or two.

Last month, Director of EPBiH Bajazit Jasarevic said that the representatives of Chinese Exim Bank want to make a business insight of EPBiH, adding that he is certain of positive outcome and expects that loan agreement could be signed in November. However, Jasarevic explained that unit 7 at TPP Tuzla will not be profitable due to extremely low electricity prices in the region.

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. Total investment in unit 7 is over 722 million euros, of which 85 % will be obtained through a loan and 15 % will be financed by EPBiH's own resources.