

The Ministry of Industry, Energy and Mining of the Republic of Srpska (RS) announced that it has signed a Memorandum of Cooperation on the construction of hydropower plant Buk Bijela with the Chinese state-owned company China National Aero-Technology International Engineering Corporation.

The signed document defines the possibilities for cooperation between the RS Government and the Chinese company on the HPP Buk Bijela project. Last month, the Government approved the signing of this document with the Chinese company and tasked Minister of Industry, Energy and Mining Petar Djokic to sign it.

In June 2016, the contract on the concession grant for the construction and operation of 93.52 MW HPP Buk Bijela between the RS Government and the consortium which consists of power utility ERS and its subsidiary —Hidroelektrane na Drini|| has been signed. The concession is granted for a period of 50 years and the estimated value of the investment is around 195 million euros. The concession includes the preparatory period of 12 months from the day of contract signing. The preparatory period includes the development of the project documentation and obtaining all necessary permits, followed by the investment of some 21.5 million euros.

The construction period is 60 months and it is split in several phases. In the first phase, which lasts 30 months starting from the expiry of preparatory period, includes performing preliminary and main construction works, with the investment of some 67 million euros. The second phase, which lasts 12 months, envisages the installation of equipment and the investment of additional 50.5 million euros. The last phase should last for 18 months and includes trial operation of the plant, with the investment of 51.5 million euros.

The amount of one-time concession fee, which has to be paid after the conclusion of the concession contract, is around 390,000 euros, while regular usage fee amounts to 3.6 % of the annual revenues generated by performing the concession activities. The plant's estimated annual electricity generation is 332 GWh.

So-called Upper Drina project consists of HPP Buk Bijela, HPP Foca, HPP Paunci and HPP Sutjeska. According to original plans, overall power output of all four HPPs should be 238 MW, while annual electricity generation should reach 800 GWh (HPP Buk Bijela - 115 MW, HPP Foca - 52 MW, HPP Paunci - 36 MW and HPP Sutjeska - 35 MW). According to the studies, two HPPs on Drina river should be built in 5 and 6 years, while overall investment in the construction of all four HPPs would reach 460 million euros.