

Bosnia: Power utility EPBiH awaits loan guaranties for new TPP Tuzla unit deal with Chinese EPC contractor

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In accordance with the law on debt and guarantees of the Federation of Bosnia and Herzegovina (FBiH), power utility EPBiH has submitted a request for granting the loan guarantee for the construction of unit 7 at thermal power plant Tuzla from the Federal Ministry of Finance.

The net agreed price under the EPC contract for the construction of unit 7 at TPP Tuzla is 722.35 million euros (without VAT). In talks with the representatives of the Chinese Exim Bank it was agreed that the maturity of the loan is 20 years, with a 5-years grace period. The loan from Exim Bank will cover 85 % of the investment, while the remaining 15 % will be provided from EPBiH's own funds.

On several occasions the opposition has criticized the project for the construction of unit 7 at TPP Tuzla, which is backed by the current Federal Government). Most recent critics come from the President of the Party for Bosnia and Herzegovina and energy expert Amer Jerlagic, who 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.

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.