

## **Bosnia: TPP Ugljevik 3 project still fails to meet environmental standards**

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**Date :** April 9, 2018

The Energy Community Secretariat sent a Reasoned Opinion to Bosnia and Herzegovina (BiH) for its non-compliance with the requirements of the Environmental Impact Assessment Directive.

In the Reasoned Opinion, the Secretariat maintains the view that the environmental impact assessment procedure of the planned thermal power plant Ugljevik 3 in the Republic of Srpska (RS) was not carried out in compliance with the Energy Community acquis communitaire on environment.

In particular, the Secretariat concludes in the Reasoned Opinion that the permitting procedure failed to fully address all direct and indirect impact of the projects as well as its potential transboundary impacts, as required by the Environmental Impact Assessment Directive. The explanations provided by the two replies of the authorities of BiH were not sufficient to dispel the concerns raised in the Secretariat's Opening Letter.

The case was initiated upon a complaint on the basis of Article 90 of the Treaty. BiH has two months to provide a reply to the Reasoned Opinion.

In March 2011, Government of RS has approved a letter of intent submitted by Comsar Energy Limited (CE) regarding construction of second unit in TPP Ugljevik. The investor was selected based on unsolicited bid, without publishing public invitation.

The joint venture agreement for construction of TPP Ugljevik 3 was signed in July 2011 by the government of RS and CE. CE is obliged to invest 90 % of the funds, while the coalmine and TPP (RiTE) Ugljevik should invest 10 % of the necessary funds. The government will hold 10 % stake in the joint venture company, by investing the land and existing infrastructure at the site of TPP Ugljevik, while CE will own 90 % stake. TPP Ugljevik 3 would export its entire output to foreign markets and it will not be competitor to local power utility ERS. The construction of the plant has not started yet.

TPP Ugljevik 3 will have two 300 MW units, instead of two 200 MW units as it was originally agreed, and overall cost of the project is estimated at 750 million euros.