

Bosnia/Republika Srpska: EFT TPP Stanari biggest greenfield energy FDI in Balkans

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The thermal power plant Stanari which is built by the EFT group is the biggest investment in the energy sector of BiH. This plant, with the capacity of 300 megawatts, will produce two million megawatt-hours of electricity annually.

The concession agreement for the construction and use of the TPP Stanari was signed with the Government of the Republic of Srpska in 2008. Considering the compensations paid so far, EFT is the biggest concessionaire in the BiH.

In EFT, they stress that the thermal power plant will be built according to the relevant EU standards, which are much stricter than the valid regulations in BiH and that it will be the first energy facility to function in accordance with the Large Combustion Plants Directive.

The Chinese Dongfang Electric Corporation, one of the leading global producers of energy equipment, had been chosen as the most favorable bidder in the tender for the delivery of equipment. The contract was signed on 5th May 2010 and the project completion time is 45 months after the contract has come into force. This means that the thermal power plant should start operating at the end of 2016.

The majority of the project is financed by the Chinese Development Bank (CDB), with which a Loan Agreement worth 350 million euros was signed in 2012. The total worth of the project, which also includes the expansion of the mine capacity from one million to 2.5 million tons of coal annually, the connection to the transmission grid and the construction of additional capacities, amounts to 550 million euros. In addition to the CDB loan, EFT will use its own funds and the loans of commercial banks.

In the report of the law organization Frank Bold, published last year, it is stated that Stanari is one of the five thermal power plants within the region which risk violating the Industrial Emissions Directive of the EU. This carries the risk of unforeseen additional costs for investors, as there is the possibility of carrying out technological modifications at the last minute with the purpose of harmonization with the IED.

The lawsuit which the JSC Non-metals Mine Stanari, the previous co-owner in the project, brought against EFT represents an additional issue. The subject of the lawsuit is the land covering the area of 267 hectares, the value of which has been estimated at 12 million euros, and which was allocated to EFT without compensation.

However, despite all the issues, the construction of the thermal power plant still continues at the envisaged pace. The key parts for the plant operation have arrived at the destination. Thus, the generator stator and the block transformer, weighing more than 200 tons each,

have been delivered from the Shanghai port by oversized transportation. The thermal power plant should employ more than 900 people. Around 350 workers from China and 450 domestic workers are currently employed at the construction site.