

## **Bosnia/Republika Srpska exclusive: The future of new TPPs projects uncertain**

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Although the region has been facing the problem how to provide the required amount of electricity for a long time period, many conventional power plant projects have been waiting for the approval for years. Administrative procedures, unsolved property issues, problems inherited from the past, the consensus lack in the investment in the power plants on conventional fuels, are just some of the reasons why for almost three decades not a single new power plant has been built in the region.

The first power plant, which will apparently be built in the region, is the thermal power plant Stanari in the Republic of Srpska. Construction officially began in May 2013. Thermal power plant with the capacity of 300 megawatts has been built by the EFT Group, and the project has been financed by the loan of the China Development Bank in the amount of 350 million euros.

If the project of TPP Ugljevik 3 is implemented, it would be the greatest greenfield investment in the Republic of Srpska, worth 750 million euros. The construction of two power units with the capacity of 300 megawatts each has been planned.

In order to implement the project, the company Comsar Energy Republika Srpska (CERS) has been formed, in which 90% of the property belongs to the company of the Russian billionaire Rasid, and 10 % belong to the Government of RS, i.e. Mine and Thermal Power Plant (RITE) Ugljevik. CERS will construct a thermo power plant of 600 megawatts, according to the contract on the concession from October 2013, and use it during the next 30 years. For its operation more than 4 million tons of coal will be used from three deposits , which have been given to CERS and in which there are 118 millions of tons of coal.

However, the project has been facing big problems, due to which it is often speculated in public that the power plant won't be constructed at all. Namely, RITE „Ugljevik“ has unsolved financial problems with Slovenia. In the eighties, the Slovenians invested in the construction of the first power unit of the thermo power plant, and then in the construction of the second one. The agreement was that the debt was to be repaid by delivering electricity, but the war ended and the construction of the second power unit and the agreed delivery of electricity. Slovenian energy industry sued RITE "Ugljevik" seeking for indemnity in the amount of 700 million euros. Since the dispute has not still been resolved, it is not possible to continue the initiated construction of the second power unit, so it has been decided to build power units three and four. However, it has been allowed to the investor to use the existing infrastructure of the state thermal power plant, which is another subject of the dispute with the Slovenians.

In addition, Ugljevik 3 has been criticized by the environmental non-governmental organizations, especially the Center for environmental protection. This organization states that the Environmental impact study for Ugljevik 3 doesn't provide the minimum information

for assessing the pollution that will cause power plants, but contains information about the current status and general information about the potential pollution that can be applied to any power plant. The Center for environmental protection demands that the impact assessment for TPP Ugljevik 3 be declared invalid and that a new one should be made.

When it comes to the thermal power plant Banovići, the tender for bids has been announced and the signing of the first contracts is expected in 2015. Project for the construction of the thermal power plant Tuzla will be implemented through the project company owned 100% by Electric power industry of Bosnia and Herzegovina and it will be financed from the loan of the Chinese Exim Bank to 85% of the project value. The consortium of China Gezhoubu Group and Guandong Electric Power Design Institute has been selected for work contractor. Project will be implemented through EPC Contract, as a turnkey project.

In Montenegro, the implementation of the project for TPP Pljevlja 2 is expected to be completed. Czech and Chinese companies are interested in the project. China Hubei Power has made the best offer for thermal power plant of 269 million euros, while as the competition remained other Chinese CMEC and Czech Škoda Praha. The latest news is that by the end of the year it will be known who will build the second power unit of the TPP, within the project, which is designated as a strategic one.