



If the Serbian parliament confirms an agreement between the governments of Serbia and Italy on cooperation in the energy sector in the next session, the only thing remaining is for the Council of Ministers of BH to give its consent to the construction of hydro power system in the Middle Drina.

This project is jointly implemented by the “Electric Power Industry of Serbia” and the RS, with strategic partner Italian company “Seci Energia”, and it involves the construction of three hydro power plants with installed capacity of 235 MW, worth about 800 million Euros. However, as things stand now, we will wait for the approval of the Council of Ministers to this project for some time, as there are obstructions in the Federation of BH, where they believe that the solely the Commission for Concessions is responsible and that the project must go through the entire procedure starting from the relevant ministry, through the Council of Ministers, to the Parliament of Bosnia and Herzegovina.

In the Ministry of Foreign Trade and Economic Relations, to whose proposal to the Council of Ministers should give green light for the project, they did not want to talk today with a note that there are many problems, among others, the lawsuit of “Electric Power Industry of BH” and the conclusion of the Government of FBH requiring the formation of a joint venture between FBH and RS for the implementation of the project, which is unacceptable for the RS.

Earlier Italians were, and still are willing to include the Federation of BH in the Middle Drina project, but the Federal Government never defined a manner to consider this option. The key disagreement is that they believe in the Federation that all procedures should go through the state authorities, while in RS they feel that it is not an inter-state project, but one that takes place in the framework of the Agreement on Special Parallel Relations of RS and Serbia.

Unofficially we found out that the Ministry of Foreign Trade and Economic Relations (MFTER) already prepared an information for the Council of Ministers, but they are waiting for a political agreement that won't be reached easily, because it is impossible to satisfy both parties in this project, both the interests of “Electric Power Industry of Serbia” and “Electric Power Industry of BH”, which had previously sought a concession for this project, but the Ministry of Foreign Trade and Economic Relations declared incompetent and sent the project into the procedure to RS.

In the Ministry of Industry, Energy and Mining they say that they have already submitted all the required documents to MFTER and they expect that an agreement would be reached and that is enough for the Council of Ministers to just send a letter to the European Commission giving approval to the project.

“So we are just waiting for a political agreement in the Council of Ministers and we will intensify it as soon as the Serbian Parliament confirms the agreement between the

governments of Italy and Serbia,” said Milan Bastinac, Assistant Minister of Energy in the Ministry of Industry, Energy and Mining.

The Government of Serbia, at the last session of the Serbian parliament urgently addressed the Law on Ratification of the Agreement between Serbia and Italy on cooperation in the field of energy, which, among other things, provides for the construction of three hydro power plants on the Middle Drina, with a total installed capacity of 250 MW and value of about 800 million Euros. Given that the RS has a joint agreement with Serbia and Italy on the construction of these power plants for more than three years, the green light will have to come from the Council of Ministers, but in such a way that electricity produced would be officially recorded as electricity produced in Italy because based on EU directives this country must increase the share of electricity produced from renewable sources.

Italy’s parliament has already given approval for these projects, and recently a meeting was held in Rome between representatives of the governments of Italy, Serbia and the Republic Srpska to speed up and start working on a particular project.

Agreement between Italy and Serbia, which should be ratified by the Serbian Parliament, even defines the price of 15.5 euro cents per kilowatt-hour of electricity from hydro power plants, which is eight times higher than current production rates.

As a reminder, hydro power system project on Middle Drina involves the construction of three hydro power plants - Dubrava, Tegare and Rogačica, which would produce 860 GWh per year, which would be bought out completely by the Italians. According to established principles and after the Council of Ministers gives the green light for investment in the joint venture which would manage the power plants, the Italian company “Seci Energia” would own 51 percent share, and Electric Power Industries of Serbia, and RS would own 24.5 percent each.

It is planned with the agreement between Italy and Serbia for the electricity from hydro power plants on Drina to be transported through Serbia and Montenegro, and through an underwater cable across the Adriatic sea to Italy.

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