

## Republika Srpska: Gasification concession of eastern region to be canceled, opportunity for new bidders

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Ministry of Industry, Energy and Mining of Republika Srpska will start a procedure for breaking the concession with “Sava International” Company from Laktaši, that has never started a construction of pipeline from Zvornik to Novi Sad, despite it had got the concession more than a decade ago.

Ministry of Resources stated that they got permission for one-sided break up with the Company “Sava International” because there hasn’t been any improvement in completing of the arranged obligations by concessioner so far. RS Government concluded this concession with mentioned Company from Laktaši for the main pipeline “Sava” in 2002.

The subject of concession includes projecting, construction, keeping, exploitation of basic main pipeline with high pressure in the direction: Gornji Sepak (Zvornik) - Bijeljina - Brčko - Modriča - Derventa - Prnjavor - Laktaši - Banjaluka - Prijedor - Novi Grad, with branches for Ugljevik, Šamac, Doboj, Brod, Gradiška and Kozarska Dubica.

Concessioner haven’t realized his obligations or respect deadlines on stages in last ten years, since contract was made, what ruined agreement for concession- it was stressed in Ministry of Resources.

Redomir Nježic, co-owner of the Company “Slavija International” from Laktaši, was surprised with information that RS Government asks for brake up of concession contract and he announced that he will submit request for legal arbitrage.

I heard for the Government’s conclusion you mentioned for the very first time. We had some meetings, but it is a legal question for us at the moment. We announced that we’ll start arbitrage”, Nježic said and stated that he doesn’t want to talk about reasons for “Slavia” has

never realized agreed obligations.

Nježić has announced the beginning of construction of “Sava” pipeline for several times so far. He stated that Austrian Company “Habeu” was chosen to be a contractor and it should finish all the work by 2012. Big Russian companies and “Srbijagas” were interested in investing in this project, but it was never realized.

Pipeline “South Stream” that would be realized by future joint company which will be established by “Gas Res” in RS ownership and Russian Gasprom.

First amounts of gas are planned to begin to flow in 2015 from Russia, over Bulgaria, Serbia, Hungary and Slovenia to north Italy with separating several branches. One branch is determined for RS.

South Stream passage through RS brings 500 million Euros investment that will include main gas pipelines and planned TPPs on gas.

Consumption of natural gas was planned to increase for 20 times until 2025, i.e. current 90 million cubic meters per two billion cubic yearly, so the whole pipeline’s potential is used. Therefore, RS plans construction of two thermal power plants on gas with total power of 600 MW that will increase gas consumption for million cubic while other placement would refer to gasification of municipalities and cities on about 60 percent of RS territory.

Gasification of all cities near the pipeline that will be on direction from Bijeljina to Posavina and Banjaluka to Novi Grad in the length of 250km was very long planned. Gasification of eastern parts of RS i.e. extension of current pipeline from Zvornik to East Sarajevo was also planned for a very long time.

*Source Capital/Serbia Energy/Nezavisne*