

A tender for the design and construction of a biomass-fired heating plant in Novi Pazar in southwestern Serbia was launched by the Serbian Ministry of Energy and Mining. The selected contractor will have to design, procure and build a biomass plant and connect it to the new and existing district heating networks operated by the Novi Pazar municipality. Deadline for the submission of bids is 10 August.

In March, the allocated 5.8 million euros for the heating plant project that envisages switching from fossil fuel (heating oil) to renewable sources (biomass). Novi Pazar is the third municipality, after Priboj and Mali Zvornik, to receive funds within the program launched in mid-2017. The contract envisages the installation of new 8.5 MW biomass boiler and the reconstruction of the city's district heating system. In June 2017, Serbian Minister of Energy and Mining Aleksandar Antic has signed a loan and donation agreement with the representatives of German KfW Bank and Swiss Government that will enable ten heating plants in Serbia to switch from using fossil fuel to renewable energy sources, namely biomass. Total worth of the project is 27 million euros, which also includes a 2 million euros grant from KfW Bank and 5 million euros grant from Swiss Government. The agreements on financing the transition of district heating companies from fossil fuel to biomass are part of the project Stimulating Renewable Energy - the Development of the Biomass Market in Serbia (DKTI) which was launched in Serbia back in 2012 with a feasibility study for Subotica district heating company. The signing of the agreement marked the start of first stage of that project, with total value of 108 million euros.

The loan was approved under very favorable conditions which include a low interest rate of 1.1 %, five year grace period and a ten year deadline for the municipalities which get the loans to repay the money. The aim is to convert as many heating plants as possible from fossil fuels to biomass or other renewable energy sources. The first stage will include heating plants in the municipalities of Mali Zvornik, Nova Varos, Novi Pazar, Prijepolje, Bajina Basta, Valjevo, Priboj, Kladovo and Majdanpek, while the municipality of Becej has already launched two projects - one to convert a part of its heating plant to biomass and the other aimed at using geothermal energy.