

The works are expected to start in autumn and should last one year, thus enabling the city to enter 2021/22 heating season with environmentally friendly district heating system. Local company Energotehnika has been selected as a contractor to replace the equipment of the heating plant in Priboj in order to enable the switch from fossil fuel to biomass. Last September, the municipality of Priboj signed an agreement on a full reconstruction of the district heating system with the Serbian Ministry of Energy and the German Development Bank KfW. The agreement is related to the construction of 8 MW biomass-powered heating plant, which, along with the municipality of Mali Zvornik, will be the first case of fossil fuels being fully replaced with biomass in Serbia. The project also envisages a full reconstruction of the heating pipeline system in Priboj and the construction of new substations. The agreement is worth 6 million euros, of which 16.5 % is financed by the Governments of Germany and Switzerland, while the rest is covered by a long-term loan from KfW, with the minimum interest rate of 1.1 % and a grace period of two years. 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. 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. 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.