

## Serbia: China loan for 350MW TPP new unit starts 2014

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In the EC "Thermal Power Plants and Open Pit Mines Kostolac" and "Serbia Power Utility Company" yesterday were completed the activities on second phase defining of the contract with Chinese company CMEC , which is related to the construction of the new thermal unit B3 in the TPP "Kostolac B" and expansion of coal open pit mine "Drmno".

-The project with Chinese partners has two phases, and it was concluded on the basis of international agreement between Serbia and People's Republic of China. Three years ago, in 2010, it was signed the Framework contract agreement, which was followed by the signing of individual contract for the first phase, whose realization is in progress - said Dragan Jovanovic, director of EC "TE- KO Kostolac". - Then started organization and preparation for the second phase and all contract elements for the second phase were agreed and signed. On these activities worked expert team of "Serbia Power Utility Company", namely of "TE- KO Kostolac" and practically all requirements that EPS, namely "Kostolac" had for new unit B3 were adopted. Also were included the new requirements related with the new adopted European regulation about gas emissions reduction, and all standards are in line with the current regulations of Republic of Serbia.

Total net price of the second phase is 715, 6 million of dollars and remained on the level from 2010, as it was defined by the Framework contract agreement. The new unit B3 price is 613 million of dollars, while the equipment price for the mine expansion is 97, 6 million of dollars. After final completion of the feasibility study in September and completion of the assessment study of environment impacts, the conditions for the final contract signing for the second phase will be acquired, for which there is a state guarantee given through budget projection for Republic of Serbia for 2013.

"I am especially pleased that this work was done by own forces of EPS and EC "TE- KO Kostolac" teams. The contract is very complex and I am thankful to all team members that took part in the objectively difficult work" - said Jovanovic.

Nebojsa Misic, deputy team leader in negotiations with Chinese partners, said that by the Framework contract agreement was defined that the unit B3 will be of 350 megawatts with overhung parameters. That will be the first unit in Serbia that would have such parameters and it is technology that is widely extended in Europe and world. With Chinese partners it is agreed that the equipment, which would be provided from China, will be of the best quality, originally from world and Europe. Realization deadline for the B3 unit construction is 58 months.

For supply new unit B3 needs about three million tons of coal per year, wherefore it is necessary to do Study of Feasibility for open-pit mine expansion, which shows that one ECS system is indispensable, and also construction of new power station.

#### New ECS system

- Part of the loan related to equipment for mine expansion will be direct to the construction of a new ECS system, which will be similar to the fifth ECS system for its capacity and performance, which was put into operation four years ago on open-pit mine "Drmno" - said Miroslav Ivkovic, a member of the negotiating team. - The new ECS system will be modern and it will be produced by European manufacturers of mining equipment. According to the contract, the construction period for mining equipment for expansion is 42 months, or a year and six months before the unit B3 activation. It will be enough time to excavate new coal quantities for this unit.

Source: Serbia Energy/ EPS