

## Serbia: Environmental protection and modernization - two priorities for EPS

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Acting Director of Serbian state-owned power utility EPS Milorad Gric said that the company invested 320 million euros in its thermal power plants between 2016 and 2018, mostly in projects related to environmental protection.

Gric stressed that modernization projects worth some 1.1 billion euros are currently ongoing at EPS' coal-fired thermal power plants, with additional investments of 900 million euros being prepared in order to reduce emissions and air pollution.

He pointed out that two of the most important investment activities are related to Kostolac – the construction of 350 MW unit 3 at TPP Kostolac B and the construction of Kostolac wind farm, which would be the first such facility in EPS' portfolio.

The construction of the third unit is part of the second phase of a project for the modernization of Kostolac B at a total cost of some 712 million dollars. The construction of unit B3 will cost 520 million euros and it will produce 2.5 billion kWh of electricity per year, thus boosting EPS' production capacity by some 5 %. Implementation of the project for the modernization of TPP Kostolac B was officially launched in January 2016, when EPS made an advance payment to the contractor, China Machinery Engineering Corporation (CMEC). In order to finance this project, EPS obtained a preferential loan from Chinese Exim Bank. The maturity of the loan is 20 years, with a 7-years grace period and fixed interest of 2.5 %. The deadline for the completion of the new unit is five years (until the end of 2020), and since the grace period lasts for another two years the idea is that the unit will partially repay itself if electricity production starts on time.

Kostolac wind farm will be built at four locations on closed pit mines and landfills of Kostolac thermal power complex. It will have power output of 66 MW, with projected annual electricity generation of 150 million kWh, enough to cover the needs of some 30,000 consumers. The investment is worth 97 million euros, of which 80 million euros will be provided through a loan from KfW Bank. It is planned that the construction of Kostolac wind farm should start in 2019 and it should be put in operation a year later. A tender for the procurement of works, equipment and other services for the construction of wind farm Kostolac was launched in August and was concluded on 1 October.