

Serbia EPS, Italy Edison in 750 MW coal-fired project

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Serbia's state-run power utility Elektroprivreda Srbije (EPS) and Italy's Edison on Thursday signed a preliminary [deal](#) to jointly develop two coal-fired units in Serbia generating a combined 750 megawatts.

EPS accepted a bid from Italy's second largest utility which offered to build two units of 375 MW with equipment from French engineering group ALSTOM .

Edison pledged to build the units -- which would be EPS' first new coal-fired capacity in 20 years -- strictly in line with domestic and European Union environmental standards, EPS said in a statement.

The utility said the preliminary contract paves the way for the preparation of a feasibility study expected to be completed in the first quarter of 2012. After that the two utilities will set up a joint venture. It gave no estimation of the cost.

Under the proposal, Edison offered EPS a 36.4 percent stake in the new company in which EPS had already invested 300 million euros (\$424.8 million) back in 1988 until putting the construction on hold due to lack of funds.

Serbia urgently needs to upgrade its energy infrastructure, which was damaged and mismanaged during the Balkan wars of the 1990s, to meet growing demand and reduce future reliance on imports.

EPS issued a tender for the construction of 750 MW and 650 MW coal-fired power plants in 2009, part of its Nikola Tesla (TNT) power complex with an existing capacity of 3,300 MW.

It had earlier put the construction cost of both plants at around 1.6 billion euros (\$2.3 billion). No bidder has expressed interest in building the 650 MW capacity and EPS earlier said it might announce a new tender for the unit.

In 2010, EPS produced 36 GWh of electricity, or 1 percent above target, with hydro output hitting a record level.

Source: Reuters