

## **Serbia exclusive report: EPS new TPP Kolubara B project, does "Kolubara B" have an alternative?**

**Categories :** [News Serbia Energy](#)

**Date :** March 12, 2014

Construction of Thermal power plant "Kolubara B" is quite complex question for Serbian EPS. Several hundred MEUR were invested in this facility so far. Plans for this thermal power plant were made even in the eighties of the last century, and 10 years later, the construction work was stopped due to sanctions. The concept was restored in 2007th; however, the whole work taps in one place from then until now.

These days will be exactly 25 years since started the construction of thermal power plant "Kolubara B" with power of 750 MW. Works on one of the most ambitious projects in the Balkans were stopped after more than three years due to the introduction of economic sanctions to the former Federal Republic of Yugoslavia. This state, but also sanctions do not exist anymore, but the continuation of thermal power plant construction is still uncertain.

During this time, the workers settlement in the village Kalenic waits for builders, and in the barracks, where they were supposed to live, moved the refugees from Croatia and Kosovo. Workers canteen stands empty today. On the huge lot of 114 acres, there are two huge concrete "memorial towers" where the lifts were constructed inside, the administration building is beside them, a little further are two warehouses and machine shop. Neatly stacked tubes of the future boiler and power plant equipment, worth over 100MEUR, wait for better times for a quarter -century. Except electronics, which is outdated, everything else still can be used.

Serbia has no money, so for this project is crucial investment of foreign partners, but the logical question is, why start, that is continued construction of the TPP "Kolubara B" has been postponed from year to year if there is already agreed cooperation. Is it just the economic crisis, which has temporarily suspended the investment of large energy companies, or is it something else in question.

Centre for Ecology and Sustainable Development (CEKOR) has announced recently that the European Bank for Reconstruction and Development (EBRD) was no longer interested in financing TPP "Kolubara B", because the development of the project has not progressed for more than two years. It was also stated that customers in this project, EPS and Italian "Edison", had to prove that the plans were in compliance with all environmental and other standards prescribed by the European Union.

So, "Edison" and European bank have been waited for, who apparently are reluctant about making a final decision. The first ones assess the cost-effectiveness of produced kilowatt, and others would invest only in projects where it is applied the so-called green technology, like what, at this point surely is not construction of thermal power plant whose projects were drafted in early eighties of the last century.

No power plant was built in Serbia more than twenty five years. At this moment the electricity production in Serbia meets the needs of domestic market, but generally is not sufficient for consumption during winter, so then the electricity must be imported.

Otherwise, the energy stability of the country depends on coal which contributes even with 64.1 percent in electricity production, hydropower is in the second place with 34.5, and in the third place is natural gas with a paltry 1.4 percent of share in the total production.

"Black gold" obviously has a certain future. Provided they meet all strict measures to protect the environment, including the modernization and introduction of new technologies, coal will remain the leading energy source, no matter on the all "European stories" on renewable energy. The construction of the thermal power plant "Kolubara B" would solve the shortage of electricity, and at the same time the export of electricity surplus would be possible in the Balkans.

However, construction of Thermal power plant "Kolubara B" today increasingly resembles at the story of the Skadar raising on the Bojana River. Several hundred MEUR were invested in this facility so far. Plans for this thermal power plant were made even in the eighties of the last century, and 10 years later, the construction work was stopped due to sanctions. The concept was restored in 2007th; however, the whole work taps in one place from then until now.

The average age of the units in thermal power plants in Serbia is 39 years. Even during the Kostunica government was made decision to proceed with the construction, but in this regard nothing significant has been done by the end of its mandate. Change of government also changed the energy policy, so in the whole story came a new idea - the construction of unit B3 in TPP "Nikola Tesla" in Obrenovac, which is supposed to replace outdated facilities.

Over a few years has lasted the political bickering about what would be the more payable solution for Serbia - continued construction of "Kolubara B", or the opening of a new unit B 3 in Obrenovac. Some have argued that because of outdated technology would be better to build a new unit, while others were for continuation of TPP construction due to the proximity of mine "Radljevo" and significantly lower rates of coal transport to the future boilers. The dilemma has remained unsolved, but now both plans are equally in circulation.

Earlier this year, the Chinese Energy Corporation Sinomah Sieniisi-Sieniitisi, opened its representative office for Europe, in Ub. The Chinese are prepared to invest even 1.3 billion EUR in "Kolubara B" and "Radljevo". They are interested in investing in major energy projects in the Serbian power industry, in addition to these two, also in the "Djerdap 3", but also in the construction of small hydro power plants.

Whether Chinese companies get a chance all depends on the outcome of negotiations with the Italian "Edison" which in the meantime has become part of the largest French power company EDF. Since Serbia has a strategic partnership agreement with "Edison" the project realization allegedly has been questioned. Cooperation between EPS and the Italians runs from June 2011<sup>th</sup>, and it was planned to build the power plant by 2017<sup>th</sup>.

As EDF announced the investment will be also extended at renewable energy resources. Otherwise, the energy corporation is one of the strongest in Europe. It is a giant that realizes 35 times higher production and 40 times more traffic than EPS, but only in research and development annually invests 518MEUR.

While the Chinese start to build a new unit in TPP "Kostolac B", TPP "Kolubara B" will have to wait, because nothing concrete has been done on this project for the past two and a half years. Coal reserves from mine "Radljevo" were planned for supply TPP "Kolubara B" in Kalenic, which is slated for opening in 2014<sup>th</sup>. It is estimated that they amount to 450 million tons of lignite, which is enough to ensure a secure supply of future TPP "Kolubara B" and unit B3 in TENT.

It is really hard to answer today to the question what will happen with TPP in Kalenic in the next period after all these years of wandering. Some time ago, Deputy Minister of Energy, Development and Environment Protection, Dejan Trifunovic said that the realization of this project was questionable, primarily because of the electricity price, which would be produced in this facility, but also because of significant environmental risks.

He said then that the task of the Ministry was to create a strategy but not to enter into issues relating to commercial contracts. Accordingly, there is a list of priority projects in the ministry, including "Kolubara B", but in the way that this project has its own alternatives!

### **The value of TPP "Kolubara" in Kalenic is 1.8 billion EUR**

Decisions adopted at the recently held Ministerial Council of the Energy Community of Southeast Europe provide an opportunity for the realization of the long-announced investments in the energy sector, such as thermal power plant "Kolubara B" and "Nikola Tesla B3". At the projects list of interest to the Energy Community, which was adopted at a meeting held in Belgrade in October last year, there are 13 Serbian projects of total value of 15.9 billion EUR. One of the most important projects for the Serbian electric power system is the completion of TPP "Kolubara B", whose value is 1.8 billion EUR.

Source; Serbia Energy