

# Serbia: Investment cycle is a successful operation of JP EPS

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Developing EPS's production portfolio is crucial in securing the reliability and stability of the Serbian energy system, the development of the economy and better conditions for the life of electricity customers.

In order for any company to be successful in modern business, profitable and with a certain future, it must, in parallel with the daily struggle for results, accurately plan and realize large investments that will improve its business. In energy, this condition is even more pronounced. Opening electricity markets, change of focus to renewable sources, technological progress and increasingly stringent environmental protection regulations, have provoked that large energy companies have to include more business segments in their plans than they did before a decade ago or two.

"Elektroprivreda Srbije" is completely dedicated to the implementation of large, strategic investment projects related to the application of state-of-the-art technologies, increasing energy efficiency, building new, modern plants and revitalization of those old and reliable. Developing EPS's production portfolio is crucial in ensuring the reliability and stability of the Serbian energy system, the development of the economy and better conditions for the lives of electricity customers. They are the most important EPS partner in the modern business, at the open market. This job is not easy for a single European energy company, and especially for EPS, which takes the burden of hard times and decades without investment, while competitors have implemented the latest technologies and gained great advantage. It is not, however, unachievable, as EPS has shown in the past two years.

By laying the foundation stone near TE "Kostolac B", the construction of a new block of 350 MW of 350 MW started, the first large thermal power plant that "Elektroprivreda Srbije" has been building after nearly three decades. EPS will thus get a modern, efficient block that will meet all domestic and European ecological criteria and in the long run will increase the security of the Serbian energy system. All the necessary permits have been provided for the construction of the new block, and the study on environmental protection, with which Romania agreed, is also an integral part. The project was inherited without permits, so the path to the cornerstone was paved with challenges over a year of demanding work and efforts in the process of transposing Chinese technology into Serbian and EU quality regulations. EPS will provide 15 percent funding for the project, while the remaining part will be financed from loans of the Chinese Eksim Bank.

- In the next four years it is expected that the construction of the block "Kostolac B3" will be completed, which will increase by about 5% the total production capacities of EPS. We are also building a system in "Drmno", which will "feed" a new block and increase the capacity for coal production from nine to 12 million tons a year. A large number of domestic

companies will be engaged in the construction of the block, which will contribute to the development of Kostolac and Serbia - said Milorad Grčić, General Director of JP EPS. - We have launched many investment projects, because only with investments EPS has a secure future. No project could be launched from a dead end without the support of the Serbian President, the Government of Serbia, and the ministry.

- We hope that the project will be given priority at the national level, among the ministries, in order to go in line with deadlines. Now it's done in three shifts, according to the system design-works-preparation, and transposition of technologies into Serbian standards - they say from SKIP.

The realization of the project for the construction of a flue gas desulphurization plant at the "Nikola Tesla A" Thermal Power Plant began in December with the introductory meeting of representatives of EPS with contractors of works, led by Japanese company "Micubisi Hitachi Power System". By joint work, a project has been restored, by which four blocks of TENT A forces will have reduced sulfur dioxide emissions from about 74,000 tons to 7,800 tons per year. It has been made an important intention for domestic companies to engage in more than half the business, which has not been recorded so far. Thus EPS once again proves its driving role in the Serbian economy.

EPS has launched another project from the portfolio of key investment projects, and this is of particular importance because it refers to the new investment area - the construction of the wind farm Kostolac. Work was accelerated and at the end of November EPS and the German development bank KfW signed a loan agreement of 80 million euros to finance the project. This was preceded by extensive works on investment-technical documentation and good cooperation with line ministry. In order for everything to go according to the plan, it did not stop the work of the team on several parallel processes, which will continue in 2018 to give EPS a new 66 megawatt of power, for the first time in its history - from the wind.

Hydropower plants produce clean energy, they are easier to maintain and have a lower cost of electricity generation. That is why it is one of the priorities revitalization and modernization of existing large and small hydropower plants and construction of new small HPPs.

- HPP "Djerdap 2" will gain new strength and extend the service life, as "Elektroprivreda Srbije" plans to modernize and revitalize all 10 aggregates for 10 years - announced Grčić during marking 40 years since the construction of this colossus on the Danube. - Every dinar invested in modernization of the system will be repeatedly returned, because the megawatt-hour we produce means better EPS stability. And only a strong and secure EPS can be a reliable support for the citizens and the economy of Serbia. We will increase the power of each aggregate of HPP "Djerdap 2" from 27 MW to 32 MW and we will try to realize this plan without delay, revitalizing one aggregate per year. Thus we will get new 50 MW for the production of electricity on the Danube.

It is planned that the works on the revitalization of all four aggregates of HPP "Zvornik" will be completed in November 2019. The situation was not so promising in the summer of 2016. With the joint efforts of the EPS leadership, the branch "Drina-Limske HE" and SKIP, the

project got a new boost and recently, in late November, A2 aggregated to the network as well. After the completion of the revitalization of the HPP "Zvornik", the total installed power of the aggregate will amount to 125.6 MW, which is almost 30 percent more than the initially installed power of 96 MW. This practically represents an increase in the installed power for the power of an aggregate.

The project of reconstruction of small hydropower plants, which is financed from the loan of the European Bank for Reconstruction and Development, has been activated. Preparations have been accelerated since June 2016 and today works are ongoing in almost all locations. The reconstruction of "Vlasin HPPs", HPP "Potpeć" and RHE "Bajina Bašta" are under preparation. This involves testing equipment, developing investment-technical documentation and designing. The preparations for the launch of projects for the construction of hydroelectric power plants on Ibar and Velika Morava were renewed. An important project is the improvement of the distribution network by introducing the smart meter system for network management, remote reading and measurement. This is one of the key investment projects that should improve the business of EPS Group as a whole by a significant reduction in technical and non-technical losses by using state-of-the-art technology. It is precisely in this direction that "EPS Distribution" directs activities and investments, as well as modernization of old and construction of new power facilities, reconstruction and expansion of distribution network and improvement of management.