

Nowadays, Kolubara and Kostolac coal basins are the most important energy resources of EPS - Drafting of the Management Strategy for Serbian geological resources is almost finished

In order to increase the level of investment in the mining sector, especially within PE "Electric Power Industry of Serbia", it is necessary to meet a number of preconditions. These are intensifying geological research activities, intensifying activities on developing necessary project documentation, timely completion of land expropriation and obtaining the required permits for the opening of the mine - says, in an interview for "kWh", PhD Milan Bačević, Minister of Natural resources, Mining and Spatial planning.

Our interviewee believes that, along with large investment, all of this is necessary in order to open the OPM, and then to build the new thermal power plant. According to him, this process should be accompanied by serious restructuring of "Electric Power Industry of Serbia".

What are the largest investments to be made in the mining sector in the following period? Are there any interested investors?

The largest investments in energy sector of mineral resources should be the opening of the new mines and construction of new thermal capacities. It is modernization or opening of a new coal mine "Štavalj" and the construction of thermal power plant (cca. 320 up to 350 MW) and that is, if investor provides everything that European legislation demands regarding electricity produced from coal. There are also the opening of the coal open pit mine Field "E" within Mining Basin "Kolubara", opening of the OPM "Radljevo" and construction of the new thermal power plant (700 up to 1,000 MW), as well as opening of the oil shale mine and construction of the processing plant in Aleksinac. Among the investment projects, there are also opening of the open pit mine "West Kostolac" and construction of the thermal power plant (about 700 MW) in "TPP-OPMs Kostolac", and among potential projects there are also opening of the coal mine "Novi Kovin" and construction of the thermal power plant (640 up to 700 MW) and opening of the open pit mine Field "G" in MB "Kolubara". There are investors interested for these projects. For the project "Štavalj" companies from Czech Republic, Turkey, China, Russia and Germany are interested and mostly companies from Germany are interested for "Radljevo". For the project of oil shale investors from Russia, Israel, Estonia are interested, and for the project "New Kovin" companies from Russia, Germany, Bulgaria and China.

The expropriation process was the main obstacle to the development of the open pit mines in MB "Kolubara". In what way could that be overcome, to everyone's satisfaction, both the citizens and the State?

In the past, the expropriation process was both political and interest issue, but that is in the past now. In the following period, the expropriation will be performed on legal basis and transparently, without malpractice which have accompanied previous expropriations. I

hope that it will be more successful than it was before.

Given that the coal is a strategic resource of Serbian electric power industry, how do you see the situation in this sector, i.e. in Mining Basin “Kolubara” and mines in Kostolac?

Today, Kolubara and Kostolac mining basins are the most important energy resources of “Electric Power Industry of Serbia” and, the coal from these basins has undoubtedly been the primary raw material for electricity production in Serbia over a long time in this century. Coal production in Kolubara and Kostolac basin is at the planned level. Thus, in 2012, these basins have produced 37.5 million tons of pit coal. In relation to the planned balance of coal production, MB “Kolubara” has realized 99.7 % and “TPP-KO Kostolac” 100.5 % of the plan. If we take into consideration meeting state’s energy needs, i.e. planned energy balance, these two basins have supplied the thermal power plants with 35,9 million tons of coal. That proves the energy stability and fulfillment of the projected production for EPS. These two basins have delivered 1,2 million tons of coal for industry and consumers’ use. The analysis of the current situation in Kolubara and Kostolac basins clearly shows that the process of strategic planning and realization of the plans do not give the expected results. This applies particularly to the development of the Kolubara basin. In previous years, the Management has not adhered to the strategic plans. We are at the standstill in terms of the expropriation, preparation of the design documents, execution of the geological research works and opening of the new open pit mines.

What does your Ministry do to change the regulations in the mining industry? When will the Law on geological and mining research be adopted?

Ministry of Natural resources, Mining and Spatial planning dedicatedly works on the change of the existing legislation in the field of geological researches and mining. Up to now, three public hearings have been organized, attended by many experts in geology and mining and investors. Drafting of the new Law on geological research and mining take a while, but the aim is to bring more quality legislation which will last and will be good for the country as well as for the investors. In early October, Law on geological research and mining will enter the adoption procedure, and I hope that it will be adopted by the end of the year or early next year. Drafting of the Geological Resources Management Strategy of the Republic of Serbia is almost finished, as well as a set of new rulebooks in the field of geology and mining.

In your opinion, will the lignite remain an essential element for electricity production in Serbia, even though many NGOs seek from the foreign creditors to stop making investments in coal?

Apparently, in the following period, i.e. by the end of this century, lignite in Serbia will be an indispensable energy resource, in terms of stable energy balance in the country. This fact is supported by determined balance reserves amounting to almost three billion tons, Every State finds its electricity production on what they have, whether that is coal, water, wind,

gas or oil, because it is always the cheapest and safest way. Currently, the cheapest and safest is coal and we have coal. Having the financial situation in mind, every other form of electricity production would be far more expensive. We should definitely be prepared to get, in better economic times, part of the electricity from renewable sources.

What about the other mining and mineral resources in Serbia? Are there any development projects coming up soon?

The Interest in mineral resources outside the energy sector is large. That is especially reflected in a great interest shown by major international corporations for detailed geological researches. During 2012, 83 licenses for research were issued, and geological researches were performed on 115 research field. The value of the designed research works in 2012 was approximately 445 million euros. The interest is primarily reflected in projects and researches of lithium and boron minerals, gold, copper, molybdenum, nickel, antimony. The most perspective geological researches were conducted in Jadar ("Rio Tinto"), where the new mineral Jadarite (lithium and boron) has been found, and in the area of Timok Magmatic Complex Potaj Cuka - Tisnica and Breza ("Avala"), where sufficient gold reserves were found. We expect new mines to be opened at these locations in the next couple of years.

Strategic partnership as a solution

Privatization of Serbian mines is often mentioned. How will their ownership status be determined?

Mines dealing with the exploitation of energy mineral resources within EPS, as well as PE "PEU Resavica", are in state-owned companies. Other state-owned mines are in the companies which are undergoing the process of restructuring- RTB Bor Group "Magnohrom", mine with underwater exploitation Kovin, mine Šamot, basalt mine "Vrelo" (Kopaonik Kuršumlja). The only company that has a mine which is not in the restructuring process is "Feldspat" from Bujanovac. All other mines are in private ownership. The state strives to find a strategic partner for all the companies that have mine, so that they could become more profitable with the support of both the state and a strategic partner. With the strategic partnership, all these companies will partly remain under the auspices of the State.

Source; EPS Kwh