

## **Serbia: Power utility company and status of international credit loans for modernization, smart meters and hpps**

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Electric Power Industry of Serbia (EPS) has several unused credits because it does not want to spend not a single dinar for projects that are incorrectly conceptualized and contracted by the previous management of the company, stated EPS press office.

All current loans for strategic project in the EPS were already found and contracted by the previous EPS management. These projects were mainly created on completely uncorrected foundations and assumptions, and the loans were taken without realistic goals and required financial analysis of profitability, say in EPS.

New company management does not want to spend not a single dinar, not to mention millions of euros for loans and projects that were incorrectly conceptualized at the start, and by which could be caused damage of hundreds millions of euros, stated in EPS company.

In most cases, new EPS management did not find adequate supporting documentation which is necessary for project of this size, wherefore the new management in record time has started negotiations with all financial institutions whose loans were agreed, in order to complete the necessary documentation in accordance with the laws of Serbia and business interests of EPS.

Where it was necessary, new feasibility studies have been done and projects set up in this way to benefit to the EPS and to the citizens of Serbia, say in EPS.

As for the credit for "smart" meters from the European Bank for Reconstruction and Development (EBRD) of 40 million euros, EPS does not give up on this project, and a tender for this project it is expected in the autumn.

For the introduction of this system the actualization of the feasibility study has been approved, because the previous study was not completely considered all the costs that the new system requires, and technical specification was based on documents older more than five years.

The new management has insisted on completely view of all real costs in the entire system and on implementation of the latest technologies that are available today, in order to avoid the implementation of outdated technology of "smart" counters.

In the last six months EPS has invested great efforts that initial conditions from 2008. adjust to the reality of the 2013. and to make the project applicable to the whole system . This will be the start of a large project of monitoring energy flows in the system, and the simultaneous monitoring of energy consumption.

Also the EBRD loan of 45 million euros for small hydro power plants was canceled in the past

before the documentation for that project was ready, thereby previous management had caused great damage to the business interests of EPS. Now it is working as quickly as possible to collect missing documentation in order to start this loan use as soon as possible.

Problems of the project realization are related to the procedures of development of technical documentation and the provision of necessary conditions, opinions, and licensing is very complicated, therefore it is very difficult to monitor the dynamics of obtaining building permits and begin construction or revitalization.

Very important reason why the project is not implemented by planned dynamics is that even though exists the realization program of the Energy Strategy of the Republic of Serbia, in which all locations at hydraulic dams are assigned to the EPS, the fact is that on two state-owned dams were constructed small hydro power plants that are in private ownership (investors from the Canary Islands), say in national electro power company.

On third dam water requirements at local government level were issued, although Serbia invested in these facilities, so with that logic assigned them to EPS as a state company.

EPS states that EBRD approves to the company 80 million euros for ECS system purchase for the field C within the project "Improving the environment in the Mining Basin Kolubara" and the withdrawal of these funds goes according to the plan agreed with the bank.

Until now EPS have been signed agreements for ECS system for field C, rotary excavator, conveyor, stacker and power system.

The German Development Bank (KfW) has approved the loan of 70 million euros for the reconstruction of the Zvornik hydroelectric power plant, with the power increase.

The tender for this project has been successfully implemented in terms aligned with KfW, the evaluation process is in progress and the contract signing with the contractor it is expected in late August, after which will start the preparations for the start of construction.

Source;Blic/Serbia Energy