

Serbia: Power utility EPS criticized for speed of coal mines recovery after floods, delay influences imports of electricity

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The first deliveries of coal from the flooded Open Pit Mines of “Kolubara“ to Thermal power plants Nikola Tesla TENT cannot be expected before spring, and the result of that is the import of electricity which will cost additional 10 million euros. Kolubara mines produce more than 50% of coal supplied to thermal power plants TENT which produce more than 50% of Serbian electricity. Almost more than two months passed from the floods, but call for tender relating to water pumping-out of OPMs was opened just two days ago. Even the fact that the State spends about 10 million euros a month on the import of missing electricity, due to flooded OPMs, was not a good reason for EPS-Management to speed up things. These are the major critics from public and medias recently in Serbia on how fast EPS reacted.

It was imported 488 kWh only in May and June, which cost 20.18 million euros. In this period EPS has bought the electricity from 24 various companies at the average cost of 4.135eurocent per kilowatt hour.

If it is assumed that Serbia has to buy, at least, that amount of electricity until spring, because the needs in the winter season are higher, as well as the prices of electricity, then it is very clear that, only for the import, it will be needed, even 100 million euros. Ten times cheaper is to pump out the water and the sludge out of OPMs.

- Returning to the production of 90.000 tons a day, the previous amount that was delivered from “Kolubara“ to TPPNT, is expected during the first quarter 2015 - as it was announced in EPS.

That means that the OPMs could start the production in January, but also in March, what is more realistic. The recovery of OPMs could start just a month earlier, and the result of it would be 10 million euros less at least, for the import of electricity. The costs that were spent on electricity could have been spent on OPMs.

After about a month of harmonization with World Bank, the tender was opened on 24th, at last. As it is said in the terms of public invitation the companies which give the lowest prices with the deadline of maximum 105 days for finishing the job will be preferable. The name of the firm which will pump out the “Kolubara“ OPMs will be known until 11th August, and after that the works can start.

Water and sludge should be pumped out until December, what is only one part of the works. Continuing recovery dynamic of OPMs will depend on the state of the flooded equipment and machines.

The water pumping out of OPMs was late, among other things, because EPS has not prepared

the tender in accordance with World Bank standards. According to “Blic”, by the first version of public invitation some basic elements were not included. They, in EPS even have not been aware of the basic part of the job, analysis of sludge.

We bought electricity from 24 companies, out of which 19 are from Belgrade
45,000 tons is current daily coal production in “Kolubara”
90,000 tons coal a day needs TPPNT
65,000 tons coal is expected out OPM “Veliki Crljeni” when it starts to work
488 million were bought in the open market so far
20.18 million euros is the price of the bought electricity,
4,135 eurocent per kwh is the average price of the imported electricity

Favorable Companies

According to “Blic” the tender prepared by EPS asked fulfillment of some conditions such as obligatory pumps possession, but also gave priority to some particular companies. That had to be improved and harmonized with standards and terms of World Bank, which is the financier of this job. Serbia has asked for “Emergency Recovery Loan” from the World Bank which enables retroactive pay of 40 % of the loan.