

Serbia: State guarantees for EPS Kostolac wind farm

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Serbia should provide guarantees for the 80 million euros loan taken by state-owned power utility EPS from German KfW Bank for the construction of Kostolac wind farm. This is envisaged by the new bill which will be presented at the Parliament on 11 April.

The provision of this guarantee is also envisaged in the state budget for 2018. The maturity of the said loan is 15 years with fixed interest rate of 0.85 %. Grace period is four years, so the loan will be repaid in 23 semi-annual installments, while the first installment of the principal will be due in late 2021 and the last one should be repaid in 2032. The commission for the organization of the transaction is 0.75 % of the loan amount as is paid one-off, while the commission for the unused amount of the loan is 0.25 % on the annual basis.

In the explanation of the proposed loan for providing the guarantee, it is stated that the realization of the project is in line with the National Action Plan on renewable energy, in order to achieve the Serbian target of 27 % RES share in total consumption by 2020.

Kostolac wind farm will be built at four locations on closed pit mines and landfills of Kostolac thermal power complex. It will have power output of 66 MW, with projected annual electricity generation of 150 million kWh, enough to cover the needs of some 30,000 consumers. The investment is worth 97 million euros, of which 80 million euros will be provided through a loan from KfW Bank. It is planned that the construction of Kostolac wind farm should start in 2019 and it should be put in operation a year later.