

Serbian state-owned power utility EPS announced that the project for the construction of 350 MW unit B3 at thermal power plant Kostolac is not behind schedule and progresses in accordance with the agreement with Chinese partners.

The statement from EPS said that the deadline for the start of construction works has not been breached, since the construction works should start by the end of 2016, after the obtaining of the construction permit. According to the statement, the location permit is already obtained, while the development of environmental impact study is currently in progress. Unit B3 should be completed by the end of 2020.

Implementation of the project was officially launched on 4 January 2016, when EPS made an advance payment to the contractor, China Machinery Engineering Corporation (CMEC). In order to finance this project, EPS obtained a preferential loan from Chinese Exim Bank on very favorable terms. The statement explained that the confusion was created in public by mistakenly using the term —start of construction works|| instead of —start of the project implementation||.

New B3 unit will have power output of 350 MW, and the loan obtained from Chinese ExIm Bank will be also used to finance the expansion of nearby open pit coalmine Drmno from 9 to 12 million tons of coal per year. The maturity of the loan is 20 years, with a 7-years grace period and fixed interest of 2.5 %. The deadline for the completion of the new unit is five years, and since the grace period lasts for another two years the idea is that the unit will partially repay itself if electricity production starts on time. Kostolac TPPs complex consists of two power plants - TPP Kostolac A (unit A1 and unit A2) and TPP Kostolac B (unit B1 and B2), including Drmno mine which supplies coal for all units, transmits Serbia-energy.eu