

Serbia: WB loan to EPS power utility for distribution network modernization

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EPS will use about 140 million euros from the World Bank loan. Two projects have already been implemented, and distribution network reconstruction and energy efficiency increase are forthcoming.

Successful cooperation between Electric Power Industry of Serbia and the World Bank will enable the reconstruction of damaged and obsolete distribution network and the procurement of equipment for the fast establishment of the power supply in the event of large-scale natural disasters. The reconstruction of five major 110 kV substations, procurement of small mobile substations, replacement of 13,500 cabinets with 20,000 meters, procurement of measuring devices for public lighting are all foreseen. Financing of these projects is provided from the loan for flood emergency recovery that happened in May 2014 that was approved by the International Bank for Reconstruction and Development (IBRD), member of the World Bank group.

Total loan for Serbia amounted to EUR 300 million, out of which EUR 157 million was planned for EPS.

We have used larger part of the proceeds for the procurement of electricity and in record time with the savings we completed dewatering in OCM Tamnava – West Field, that produces 43 percent of coal for EPS thermal power plants. About EUR 15 million was spent for dewatering of that mine, instead of 23 million that was planned by the World Bank – said Dragoslav Cicović from EPS Key Investment Projects Department.

The Public Investment Management Office of the Republic of Serbia asked for EUR 17.3 million that were not spent for electricity import to be transferred for elimination of floods consequences in agriculture and flood protection. This means that EPS will use total of about EUR 140 million from the World Bank loan.

EPS will use part of eight million euros that were not spent on the recovery of mine Tamnava – West Field for the reconstruction of substations – said Cicović. Thus, the budget planned for the emergency establishment of distribution network that was severely damaged by floods and landslides was increased.

The reconstruction of five high voltage substations in Gornji Milanovac, Aleksinac, Šabac, Loznica and Petrovac na Mlavi are planned for the construction season 2017.

In order to do that invitations to tender must be published until this August. Documents are being prepared according to the strict rules of the World Bank.

Tender procedure for the reconstruction of five substations will be carried out through two independent tenders – for the procurement of equipment according to the international procedures and for the works using the World Bank form for domestic procurement procedure.

Thus we wanted to include domestic experienced contractors. This is the case of tender procedure for designing, construction and electrical installation works – said Cicović, who is in charge of the cooperation project with the World Bank.

The benefit of the project implementation will be manifold for EPS, citizens and the economy of Serbia.

Each substation is valuable not only for the customer supply but also for the more reliable operation of the entire distribution system and network losses reduction. It is particularly important that all the equipment will be replaced by new, state-of-the-art one which will reduce maintenance costs to the minimum – emphasized Cicović.

The costs of maintaining over 40 years old substations are very high at the moment, and there is no possibility for the replacement of certain parts since they are no longer being produced. Additional benefit will be the possibility of connection of new customers since this is not just the case of substation reconstruction but also capacity increase wherever possible for the future investors.

Gornji Milanovac is the only city in Serbia where the consumption of industry is higher than the consumption of households. By increasing the transformer capacity we create possibilities for the arrival of new investors and opening of new plants in the industrial area in Gornji Milanovac – said Cicović. The part of the loan primarily planned for the procurement of energy-efficient light bulbs will also be used for the reconstruction of substations.

Implementation of the projects related to distribution network reconstruction financed from the World Bank loan started in 2015 because EPS finished a great deal immediately with its own funds in order to provide electricity supply for all customers as soon as possible.

Water damaged thousands of metering points in flooded homes. At first it was impossible to assess all the damages, so eventually it turned out that EPS employees managed to repair large number of metering points with the existing equipment and meters. Since EPS completed that in short period with own funds, the implementation of the part of the loan for distribution network started in 2015 – said Cicović.

Tender procedures for the procurement of cabinets and meters are on-going since EPS got the approval of the World Bank at the end of this April. The procurement of 13,500 cabinets with 20.000 meters and relocation of metering points to safe positions is planned. New floods this year showed that metering points that were previously relocated according to EPS regulation remained intact. New procurement of meters will enable the reconstruction of more metering points in order to avoid problems in the future.

A part of the proceeds was used for the procurement of mobile transformer stations.

Together with the World Bank we have recognized that we are not prepared for large-scale natural disasters such as fire or flood in the distribution sector. We have decided to procure mobile transformer stations that could help quickly overcome problems in the event of natural disasters – said Cicović.

The contract for the procurement of mobile transformer stations has been recently signed and EPS expects to have 10 small mobile TS 20/10/0,4 kV before this winter season.

The project for reconstruction and relocation of 1500 metering points at the border of distribution system and public lightning network in Belgrade is also agreed with the World Bank that is from the aspect of energy efficiency extremely important for EPS.

Good implementation of the previous projects made room for greater trust and even better cooperation with the World Bank.

The project we had been working on from 2005 until 2012 definitely created an image of EPS and Serbia with the bank, showing that we have great engineers and people ready to realize loan arrangement according to the procedures of the bank. Based on that, bank in this new loan arrangement did not require the engagement of independent consultants that would be in charge, but EPS with its own employees realizes the loan, which brings savings – said Cicović.

Benefit from cooperation with the World Bank is already visible, but the effects will be even greater when the project is completed. The deadline for disbursement is the end of 2017.

What is important is that we completed dewatering of the open cast mine and saved a lot of money that would have to be spent for electricity import. That is the largest saving in this phase. The other thing we expect savings from is the reconstruction of distribution system. The practice of the World Bank is to perform evaluation after project completion and then we will define and determine final savings we have achieved by this project. At the moment we do not have the estimate, but it is sure that this will be very profitable project – said Cicović.

Distribution network reconstruction is still highly prioritized on the list of plans of Electric Power Industry of Serbia. For the time being there is no announcement of new projects with the World Bank, but the financing of distribution network reconstruction, especially high voltage substations that EPS overtook from Elektromreža Srbije could be the subject for discussion. Cooperation with the World Bank would help carry out that project quickly and well.

Environment – The entire work with the colleagues from the WB is based on partnership and we complement each other. According to the WB policies we have much more transparent relationship with the public and we try to inform all stakeholders about what we do and how we do it. We have raised awareness on environmental protection to a much higher level and that will become standard practice in EPS – said Cicović.

Experts

We are being praised in the bank to have the best engineers in the world. I asked them why and they said: “Look at this substation. This is 30 years old equipment, it works only because it is being maintained in the best possible manner”- Cicović quoted the impressions of the experts from the World Bank, transmits Serbia-energy.eu