

The start of work on the third unit of 350 megawatts is planned for 2015, and the first kilowatt -hours of electricity should flow in late 2019. After 23 years Serbia seriously prepares to build a new thermal power plant "Kostolac" of 350 megawatts. Start of work is planned for 2015. and its completion is expected in late 2019. Total electricity production with this unit will be increased about five percent.

By then it should be also completed the expansion of open -pit mine "Drmno" that would completely supply "Kostolac" with coal, confirmed recently for Serbia Energy general director of this economy company, Dragan Jovanovic.

With this practically starts the second phase implementation of the agreement signed with the Chinese company CMEC. The certainty to this work also gave recent visit of our President Tomislav Nikolic to China when it was said that the construction in "Kostolac" was supported by both sides, said Jovanovic.

The total net cost of the second phase is 715.600.000 dollars, new B3 unit costs 613.000.000 dollars, while the cost of equipment for the expansion of the mine "Drmno" is 97.600.000 dollars. The unit will be financed by China's state credit of Exim Bank. Serbia gave a government guarantee for 609 million dollars. It is a loan with a fixed interest rate of three percent, which will be repaid for 10 years, with a grace period of five years.

-Stand still condition of the loan repayment coincides with the construction period, the plant will be able to finance itself. Chinese bank finances to 85 percent and the rest is participation of our company, says our source. The state will not return this loan contrary to the others loans, but precisely a new unit that should work 7.500 to 8.000 hours per year, explains our source.

Most of the equipment will come from China, and how much will be the participation of the local engineering will depend on the price offered in the tender.

- It is not unusual our companies to be the most expensive and therefore to be engaged the external contractors. Because of the high prices that recently asked some local companies, "Kostolac" had to cancel the tender and wait for someone else to answer, explained Jovanovic.

Asked why this is so, the first man of "Kostolac" says there is no explanation, but the fact is that we are generally expensive.

-The goal is to earn money on one single job for the next three years and to provide rates that are higher than in Europe or in China. It is inexplicable as well as to anyone is not clear how we in "Kostolac" sell a coal ton for 25. 4 EUR, while on the stocks it is sold for 61.4 EUR or more, says Jovanovic.

For the supply of new B3 unit about three million tons is required annually. This amount will cover the extended mine "Drmno". "Kostolac", he explains, during years worked below its possibilities. Energy units are designed to operate at 350 megawatts, and worked with a much lower power. They were not maintained enough and little was invested.

The first revitalization and construction phase, which is also worked with the Chinese, it will be completed by 2015. All is financed from Chinese loan, and Unit 2 rehabilitation, which was done last year, is one of the largest investments in the country. This work is worth a 100 MEUR, and this unit works now at maximum capacity.

Source; Serbia Energy