

If a new thermal power plant is built in Ugljevik, it will be the second thermal power plant in this small town in the northeast of Bosnia and Herzegovina, a country that has been under the sanctions regime of the European Energy Community control body since January 2021. The sanctions were introduced precisely because of the assessment of that body that the construction of thermal power plants in BiH is a policy contrary to the EU plan on the decarbonisation of the Old Continent.

Russian billionaire Rashid Serdarov, owner of Comsar Energy Republika Srpska (RS), has signed an agreement with a state-owned Chinese and Polish-Chinese company on a strategic partnership to build a new thermal power plant and coal mine in Ugljevik, a town in northeastern Bosnia and Herzegovina. Free Europe (RFE) was confirmed by Siniša Majstorović, Director of Comsar Energy Republika Srpska.

According to the Ministry of Physical Planning, Construction and Ecology, a design, procurement and construction contract (EPC) with the state-owned company China National Electric Engineering Co. (CNEEC) and private Sunningwell International LTD, was signed despite the fact that Comsar Energy RS for the Ugljevik projects still does not have a valid environmental impact assessment, economic feasibility study and does not meet the obligations under the Concession Agreement.

### **What do investors promise?**

Whether the mentioned partners will participate in the ownership structure of the planned thermal power plant and the mine that will supply it with coal, is a business secret, says Majstorović. What is not a secret is that, as Majstorović explains, the procedures for issuing a new permit are in the process. He also notes that, together with strategic partners, they are familiar with all the changes that have occurred in recent years, and emphasizes that suggestions from Europe will not be violated.

### **Why is the EU giving up coal?**

Non-governmental organizations promoting environmental protection have called on the Government of China and the Republika Srpska entity of Bosnia and Herzegovina, on whose territory the project is located, to announce themselves under the said agreement. The RS government is asked to state why another coal-based project is being considered at a time when the rest of Europe is turning its back on this fossil fuel, as well as why the contract with the investor, who has been violating his contractual obligations for years, is not terminated. At the same time, the Chinese government is being asked to state why it is working on coal-based projects again, which are contrary to the indications that this Asian country is ready to stop financing such projects abroad.

The Government of the Republika Srpska did not answer the question of Radio Free Europe on these questions.

Majda Ibrakovic, coordinator of the NGO Center for the Environment, told RFE / RL that the participation of the Chinese consortium in the project was not a surprise, but that the RS government was expected to announce “since decarbonisation is mandatory by 2050 and many countries in Europe, they are giving up coal and planning an energy transition. ”

### **What is in dispute?**

At the beginning of the year, the RS government extended the Comsar Energy concession for the construction and operation of Ugljevik 3 from 30 to 44 years, despite the fact that the concession contract was violated on several occasions, because no permits were obtained or preparatory work began.

Previously, the RS government allowed the company to double the capacity of the Ugljevik thermal power plant to 700 megawatts, contrary to the RS Energy Development Strategy. Projects in which an investment worth around one billion convertible marks (around 500 million euros) has been announced since 2013 have not been realized until today, although according to the original plan, both thermal and hydro power plants should have already been put into operation. In the meantime, the environmental permit was revoked. In 2017, the RS Ministry of Physical Planning, Construction and Ecology issued a decision on the environmental permit for the Ugljevik 3 Thermal Power Plant. The Environmental Center appealed against this decision. But the Ministry responded by issuing another solution, without changing the environmental impact assessment or holding new public consultations. The appeal procedure was, at the end of 2018, before the Energy Community, based in Vienna, which is in charge of transferring the energy rules of the European Union to future members. This resulted in an agreement by the RS authorities not to use the existing environmental permit, ie that, if the project continues, they will have to restart the permitting process.

### **Chinese investments and legal rules in the Balkans**

Wawa Wang, program director of the international organization Just Finance International, which monitors Chinese investments abroad, told RFE / RL that China has allowed its state-owned company to get involved in building a thermal power plant for the first time since 2020, which is contrary to its climate policy. Wang says that according to research, between 2002 and 2020, about \$ 160 billion in investments in thermal power plants outside China were planned or announced, but that many projects were canceled after 2014. For her, too, the problem is that “there is a general complexion the desire of Chinese state-owned

companies to enter projects in the Balkans with questionable compliance with the law ". She also states that the entry of Chinese companies into joint projects with domestic companies, without conducting an in-depth analysis of these companies, poses a risk to the host country.

### **Suspicious of corruption**

"Whenever there is a lack of transparency, suspicions of corruption always arise. If nothing problematic is happening, there is no need to hide it, "Pippa Gallop, Bankwatch's energy adviser for Southeast Europe, told RSE.

Gallop states that the plan to build the Ugljevik thermal power plant was "bizarre" from the very beginning.

Majda Ibraković, from the Center for the Environment, also says that she doubts that the project will ever be realized, considering that it will take several years to carry out the preparatory works and obtain all the necessary permits.

### **What awaits coal-fired power producers?**

The European Union has announced the introduction of the so-called The CO2 Boundary Adjustment Mechanism (CBAM), which would practically tax CO2 emissions from thermal power plants and large combustion plants.

Janez Kopac, director of the Energy Community Secretariat, told RSE earlier that if the current price of electricity was calculated on the price of CO2, many electricity producers would hardly survive.

Source: [slobodnaevropa.org](http://slobodnaevropa.org)