

**Bosnia and Herzegovina's draft NECP finally looks to the future, plans no new fossil fuel power plants and significantly scales back unrealistic hydropower plans.** But existing coal plants are to keep operating illegally and the draft is furtive about coal-to-biomass plans.

There is a 'public' consultation about Bosnia and Herzegovina's (BiH) draft National Energy and Climate Plan (NECP) going on until the end of July – though until this week the document was not even available online. And the coordinating ministry didn't carry out a Strategic Environmental Assessment of the plan, despite it being mandatory under the Energy Community Treaty. With such a secretive process, my expectations about the actual plan were low.

But in fact, compared to BiH's previous planning documents – and to Serbia's confusing and non-committal draft NECP, also on public consultation at the moment – BiH's draft NECP brings some important improvements.

### **The good – no new fossil fuel plants**

Despite considerable solar and wind potential, the Federation of BiH and Republika Srpska governments have relentlessly pushed to build new coal plants such as Tuzla 7 and Ugljevik III – as well as decades-old hydropower projects in highly sensitive locations – long past their sell-by dates. These dinosaurs have heavily burdened previous energy planning and left little space for new ideas. But the draft NECP finally looks like it was written in the 21st Century: it states that there will be no new fossil fuel plants – coal or gas. This is a significant step that must be maintained in the final version of the NECP.

### **Emissions trading scheme by 2026**

Unlike Serbia's draft NECP, the BiH draft reflects the fact that the Carbon Border Adjustment Mechanism (CBAM) is coming, and includes the introduction of an emissions trading scheme by 2026. In reality, if BiH wants to avoid the impacts of CBAM in the electricity sector, this will have to be in place by 1 January 2026, as the country does not look likely to benefit from the mechanism's main exemption clause based on market coupling. The deadline is close, but the first step is to plan for it. So far, so good.

### **The bad – illegal coal plants**

The draft makes no secret of the fact that BiH's heavily polluting coal units Tuzla 4 and Kakanj 5 will continue to operate beyond their allowed lifetime. And no information is given about pollution control investments at the other units, making it highly likely that they plan to continue operating at their current abominable pollution levels.

Our latest Comply or Close report shows that in 2022 sulphur dioxide emissions from the coal units included in BiH's National Emissions Reduction Plan reached more than eight

times as much as allowed. Dust emissions from Gacko were no less than 12 times as high as allowed. This situation simply cannot be allowed to persist until 2030. Given that this is a matter of life and death, the plants must comply with the rules or close – and it has to be clear in the NECP how this is going to happen.

### **The ugly: Tuzla 3 and Tuzla 4's mysterious fate**

Most of the draft is written clearly, but the authors seem to be trying to hide one thing: What is going to happen to the Tuzla 3 and Tuzla 4 coal units?

In one diagram (no. 9) Tuzla 3 looks like it already closed in 2022 and emits no more CO<sub>2</sub> in future years. But diagrams 32 and 33 bring it back from the dead: The unit goes offline in 2022, but then resurrects in 2027 with a reduced capacity (70 MW, compared to 100 MW currently). Given that plans for a biomass conversion at Tuzla 3 already exist, this is the most likely explanation. But it's not confirmed in the text. One of the measures includes potential coal-to-biomass conversions, but without mentioning any concrete plants.

Tuzla 4 is even less clear. According to the diagrams, it operates (illegally) till 2025, takes a break in 2026, comes back online in 2027 with the same 200 MW capacity, and then its CO<sub>2</sub> emissions and electricity generation increase between 2028-2030. Is this a coal rehabilitation, another biomass plant, or something else? If the authors don't know, they should say it clearly.

Even 70 MW of forest biomass capacity would be a disaster for BiH's forests – there's no way such a capacity could be fed from fast-growing willows and industrial offcuts. The draft also fails to recognise that forest biomass should no longer be seen as carbon neutral – if it ever could. The draft's authors need to be upfront about what they have in mind – and if it's coal-to-biomass, find less damaging alternatives.

### **Mixed signals on fossil gas**

The draft's authors seem to go back and forth on fossil gas. In some parts they repeat evidence-free claims about gas being a transition fuel and propose domestic oil and gas extraction to reduce dependence on imports, but in other parts they express a healthy scepticism with phrases like 'If the role of gas in the energy transition is defined as important...'.

Still, what matters are the measures, and here the picture is also mixed. Since no new fossil gas power plants are planned, it is baffling why additional gas interconnectors are still promoted. Yes, Sarajevo's heating supply is vulnerable, but building a new gas pipeline all the way from Croatia is surely not the only solution: Better ways to heat the city are also possible.

Gas is as much a fossil fuel as coal. It will need to be phased out in the next couple of

decades, so there is no point in building expensive new gas infrastructure now. Once a certain fuel becomes entrenched in the energy mix, it takes decades and decades to move away from it. The NECP therefore needs to be much more decisive about reducing gas demand, not building expensive infrastructure to satisfy and expand it.

### **Hydropower scaled back but there's still too much**

BiH's incumbent utilities and entity governments have for decades been pushing a plethora of large dams, including on the Drina, Neretva, Bosna, Lim, Ljuta, and Vrbas. Projects are rarely cancelled, even when they clearly will not happen. As a result, in the 2018 Framework Energy Strategy, 750 MW of new large hydropower was planned until 2035 in the 'mildly renewable' scenario (there was no 'strongly renewable' one), with 33 'potential projects' in Republika Srpska alone.

Compared to that, the 195 MW planned by 2030 in the draft NECP is a significant scale-back. Although it does not say so, it obviously comprises the 160 MW Dabar plant and 35 MW Ulog which are currently under construction – and it needs to be more clear about this. But in reality, BiH has not completed a single new greenfield hydropower plant of more than 10 megawatts MW since 2010 – only Bočac 2 on an existing dam. Against this reality, even 195 MW might be over-ambitious, especially considering how controversial the plants are. Both are in Republika Srpska, with potentially disastrous impacts in the Federation of BiH. The Bern Convention Standing Committee has already asked for construction of the Ulog plant to be halted until a number of conditions have been fulfilled, and has asked the authorities to prevent construction in other potential candidate Emerald sites, including the ones that would be damaged by Dabar. Given this situation, it is possible that one or both of the plants will never be completed, so the draft NECP needs to examine alternative scenarios without them.

### **The way forward**

The draft's positive elements – particularly the halt to new fossil fuel power plants and the emissions trading scheme – need to be maintained, but [biomass](#) is the elephant in the room. The draft itself admits that more research is needed on the availability of biomass in BiH so it is extremely unwise to rely on it.

The plans to build new gas pipelines seem to be there due to inertia rather than because the NECP really depends on them, but still – alternatives need to be explored.

Further issues also need to be tackled: The authors are too optimistic about the potential for biofuels and hydrogen in transport, but don't directly mention passenger railway transport at all. They also hint at burning waste for energy in some parts of the draft – an idea that must be quickly extinguished, especially in a country with environmental enforcement like

BiH's.

But overall, the draft is a good start. If improved as suggested, it can provide a solid basis for BiH to finally move forward with its [energy transition](#).

Source: Bankwatch