

Bosnia and Herzegovina is stepping-up its game – after building a new coal-fired power plant in Stanari just two years ago. Two more power plants are in the final phase of financial planning, while five more are in the earlier stages. Serbia and Greece are also building new coal-fired power plants.

Most of the projects in Bosnia have been financed or built by Chinese companies and banks. The 300MW power plant in Stanari was financed by the China Development Bank. Block 7 of the Tuzla Thermal Power Plant, and the proposed power plant in Banovići will be financed by Chinese banks.

State guarantees ensure that these developments come at a low financial risk for Chinese banks. Most of these projects have been planned by state-owned power companies, placing the burden of payment on citizens.

Greater risks

Block 7 is in the final phase of financial agreement. The World Health Organisation has already identified its home, the town of Tuzla, as having the second highest air pollution levels in Europe. Bosnia and Herzegovina has the second highest mortality rate from air pollution in Europe.

Denis Žiško, programme coordinator from the Center for Ecology and Energy in Tuzla, argued: “Newer technologies might lower the pollution, but not entirely. For these kind of projects to be cost-effective, power plants have to work for at least 40 or 50 years, so in this case our citizens would be poisoned for decades to come.

“To somebody who has lung cancer or some other pollution-related disease, it does not matter if the pollution came from coal combustion in a new or in an old power plant.”

A CEE analysis showed that there is likely a connection between pollution from the power plant and increasing rates of disease and death among residents living close to the plant and its landfill of slag and ashes.

Citizens of Tuzla could be at increased risk of respiratory diseases, malignant tumours and cardiovascular problems.

Systemic failure

Žiško complained that the media is presenting new power plants as significant “postwar investments that will save thousands of workplaces”.

Advocates of coal-fired plants argue that all the coal burned locally is also mined locally, and that miners’ jobs need to be saved. This local coal is brown coal or lignite, whose combustion is most devastating for the environment and people’s health.

All five power plants currently operating in Bosnia and Herzegovina have environmental permits, which prescribe the measures of protection the owners are obliged to follow. This

system is not functioning and is far behind the standards of Western Europe.

Žiško claimed that: “it is very rare that inspectors conclude that some law has been violated, and even rarer that the perpetrators are punished.”

‘Stranded assets’

Bosnia and Herzegovina is already producing enough energy for its needs. In 2015, Bankwatch, the University of Groningen, and The Advisory House investigated what would happen if Balkan countries actually built all the planned centres for electricity production. They calculated that the region would export 56% of the electricity.

Pippa Gallop from Bankwatch, an international NGO specialising in monitoring public finance institutions, noted: “It is obvious that a country with 3.8 million people does not need that many power plants, especially with the existing hydropower plants and the new coal power plant that just started working in 2016.

“There is a very big risk that these new projects might become ‘stranded assets’. If the electrical energy is not cheap enough, nobody will buy it.”

In 2014, the multinational electricity company Enel announced that 23 Italian coal and gas power stations, with a combined capacity of 13GW, are to be scrapped within five years. For comparison, coal power plants from the Western Balkans have a combined production capacity of 8.3GW.

Gallop continued: “As far as cost-effectiveness is concerned, there is very little information publicly available. We have some information for the Kostolac B3 plant in Serbia, and Gacko II in Bosnia and it is unlikely that they will be profitable.

“For an example, they did not account for the costs of CO₂ emissions that will have to be paid in the future, and also the calculations are based on the overestimated price of electricity.”

EU directives

Gallop argues that “the Balkans offer a gateway to Europe”.

The majority of these projects don’t comply with EU pollution control standards, and environmental impact studies are of a low quality. As the EU is not offering the Balkans quick access to the Union, encouraging them to comply with standards is a difficult task. Gallop stressed that while the EU focusses on regional issues such as Kosovo and migration, it has a long way to go in other sectors:

“All the Western Balkan countries have signed the Energy Community Treaty, which obliged them to follow EU directives on energy and environment. The Energy Community Secretariat in Vienna is really trying to assure that the laws are followed but they don’t always have the support from European Commission.

“The EU must offer concrete advantages for these countries if they follow EU directives, either through the increase of EU funds available to them or through mutual cooperation mechanisms.

“They should also be much more strict about corruption and judiciary system functioning and adjust funds accordingly.”

Local action

Despite Chinese funding and European passivity, Žiško looked closer to home: “We should stop blaming others for our mistakes. Nobody is making our politicians build coal power plants, or hydropower plants on every stream in Bosnia and Herzegovina”

He argued that it is local politicians who make these decisions: “The only question is how much they profit from it.”

Source: theecologist