

The Balkan region's first privately-funded power plant came online increasing the region's dependency on coal-fired power stations even as environmental concerns are driving them to the brink of the extinction elsewhere in Europe. It was built by China's Dongfang Electric Corp and financed with the help of a 350 million euro loan from the China Development Bank.

The 300-megawatt plant, in the northern Bosnian town of Stanari, is a foreign investment in a chronically impoverished country that remains heavily dependent on foreign aid more than 20 years after it emerged from war.

Even though the Western Balkans has a power deficit, European investors are reluctant to finance more polluting coal which forms the backbone of supply in the region, attracting Chinese financiers and contractors.

Work on the investment, by Serbian-run but British-based Energy Financing Team (EFT), started in 2013. It was built by China's Dongfang Electric Corp and financed with the help of a 350 million euro loan from the China Development Bank.

EFT, which focuses on power markets in central and southeast Europe, won a 30-year concession in 2008 to build the Stanari plant and expand an adjacent coal mine that will feed it at a total cost of 560 million euros.

Lignite - the most polluting type of coal - is widely available in the Balkans, making it appealing to governments seeking ways of ensuring security of supply and keeping energy prices low while also placating influential mining lobbies.

The new plant, which will generate 2,000 gigawatt-hours of electricity per year, creating 1,000 jobs, will strengthen Bosnia's position as a leading energy exporter to the region. It generates more than 40 percent of its electricity from hydroelectric power, making it, along with Bulgaria and Romania, one of the few Balkan countries with a domestic power surplus.

Environmentalists fear that the region's cash-strapped governments will be tempted to cut corners in this and other projects, exposing them to costly upgrade costs once they join the European Union.

Some 2,800 megawatts of extra coal-fired capacity is planned across the region in coming years at a total cost of 4.5 billion euros, most of it financed by China.

source: thegwpf.com