

Bosnia chose China's Dongfang Electric Corp Ltd on Thursday to finance and build a 350 megawatt (MW) coal-fired power plant which will provided much-needed capacity in a region with aging and unreliable plants.

The formal contract with Dongfang is expected to be signed by the end of this year, after the Bosniak-Croat Federation parliament and the Banovici coal mine assembly approved a draft agreement, a Banovici source told Reuters.

The approval by the autonomous region paves the way for cooperation on financing and construction between Dongfang Electric and the Banovici mine, in which the regional government holds a nearly 70 percent stake.

The plant, which will burn coal from the adjacent Banovici mines in central Bosnia, will produce 2,047 gigawatt-hours (GWh) of electricity a year.

The Banovici coal mines are among the largest in Bosnia with reserves estimated at 147 million tonnes and an average annual output of 1.5 million tonnes.

Dongfang Electric's proposal to build the plant for about 405 million euros (\$458 million) beat out bids by China's Shanghai Electric Group Company Ltd and Gezhouba Group Company Ltd, said the company source.

The agreement on strategic cooperation should be signed in November in Beijing and the formal contract by the end of the year, the source said, adding that construction is expected to begin in mid-2016.

The Balkan country gets 40 percent of its electricity from hydropower and the rest from coal-fired plants, and it is one of the few countries in the region able to export power. (\$1 = 0.8840 euros)

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