

China's Shanghai Electric Group signed a deal on Tuesday to build a 200 megawatt gas-fired cogeneration plant in Serbia that will supply the Pancevo oil refinery, run by Serbian oil company NIS.

The new plant that will burn natural gas to produce power and heat will be a joint venture between NIS, majority owned by Russia's Gazprom Neft, and Gazprom Energoholding, a subsidiary of Russian gas giant Gazprom, in which the two firms will hold 49 and 51 percent stake respectively.

It is estimated to cost 180 million euros (\$210 million), NIS said in a statement.

The plant will mainly supply the Pancevo refinery, which is undergoing the second phase of a refining capacity modernisation programme, while a portion of electricity will go to Serbia's energy market, said NIS.

Construction will start in the second quarter of 2018 and the plant is expected to be online in the last quarter of 2019, it added.

One of the biggest contributors to Serbia's budget, NIS operates two refineries and produces 1.7 million tonnes of oil and gas equivalent per year. Gazprom Neft owns 56.15 percent of NIS while the Serbian government owns 29.88 percent and small shareholders own the remainder.

Source: reuters.com