

The Kosovar government and power generator ContourGlobal have agreed to build a 500-megawatt coal-fired power plant, the first major energy project in the Balkan country in more than two decades, a statement issued on Wednesday said.

The contract for the 1 billion euro (\$1.18 billion) investment will be signed in the coming days, the government said in the statement. It will replace the Balkan country's 40-year-old Kosovo A power plant, which is seen as one of the worst polluters in Europe.

The construction will start next year and the plant is expected to come online by 2023, the government said in the statement.

"This project will ensure energy independence for the state and people of Kosovo," it said.

Kosovo has more than 14 billion tonnes of proven lignite reserves, the fifth largest in the world. More than 90 percent of its power is produced in two ailing coal-fired power plants. Western Balkan countries, including Bosnia, Kosovo, Montenegro and Serbia, plan to invest billions of euros in building new coal-fired plants to meet rising demand for electricity as old plants are being phased out.

But environmentalists fear the investment in coal could backfire as governments may be forced to invest hundreds of millions of euros more to upgrade plants to meet EU environmental standards as the countries progress toward membership of the bloc.

On Tuesday Bosnia's autonomous Serb Republic and two Chinese companies agreed to form a joint venture to build a 350 megawatt coal-fired power plant.

Last month a Chinese company started construction of a new 350-megawatt unit at Serbia's second-largest coal-fired power plant.

Source: reuters.com