

China's economy is now the most influential economy in the world. While the Germans and Italians gave up, the Chinese have already entered the serious jobs in the region. Is it better for Serbia to consider other strategic partners for projects that are of national importance? And how to do it? The development of Serbian energy sector obviously depends on the possible answers to these questions.

Plans, studies and projects exist, but there has not yet come to the projects' realization ... Until last year, when the Chinese Development Bank decided to finance the construction of motorway TPP "Stanari" in Republika Srpska. The facility construction has begun. The owner of the power plant is EFT Group, a UK company that seriously trades with electricity in the region, and it will soon have the opportunity also to produce it.

Together with the mine modernization, about 600 MEUR has been invested into this project. 80 percent of the money has been provided from the loan of Chinese Development Bank, and EFT group and commercial banks' consortium will finance remaining 20 percent. The production capacity of the thermal power plant will be 300 MW.

According to the recently adopted decision, the project for the unit 7 in TPP "Tuzla" (450MW) in BiH will be realized over the project company, which is 100 % owned by "Electric Power Industry of BiH", and it will be financed from the loan of Chinese Exi Bank to 85 % and from own funds of "Electric Power Industry of BiH".

The Chinese have been registered as potential strategic partners for another project in BiH, and that is the construction of unit 8 of TPP "Kakanj". The total investment amounts to 600 MEUR.

There have been negotiated on the construction of TPP "Pljevlja" in Montenegro for several years. The Chinese are one of the potential strategic partners in this project. It is a Chinese company Hubei Power China. They are ready to invest 275 MEUR in the project. Investment is related to the construction of the second unit and expansion of coal mine capacity.

The Chinese are also interested in doing business in Serbia. Signed contract includes the construction of the third unit in TPP "Kostolac". The contract value, signed with the Chinese company CMEC, is worth about 715 MEUR. New thermal unit, according to the announcement, should be put into operation in 2019<sup>th</sup>. Beside the construction, it also will be done revitalization and desulphurization of units "B1" and "B2".

As a reminder, there were signed several memorandums, protocols and agreements with other countries for the building of new power plants in Serbia, but most of these remained only in the form of letters on paper.

The Republic of Serbia signed identical Memorandum of Understanding with the German energy giant RWE in 2009<sup>th</sup> and 2012<sup>th</sup>. There was discussed on the construction of TPP

“Nikola Tesla B3”, but none of these documents have brought the implementation of planned projects.

The China Power Corporation “Sinomah Sieniisi-Sieniisi” shown interest in investing in major energy projects in the Serbian electric power industry, such as TPP “Kolubara B”, the opening of coal mine “Radljevo”, HPP “Djerdap 3”, as well as small hydropower plants. This Chinese national corporation is ready to invest 1.3 billion EUR in “Kolubara B” and “Radljevo”.

However, the Chinese have not been able to get a chance to cooperate with EPS, because EPS has decided to continue cooperation with Italian company “Edison” in the project TPP “Kolubara B”. Cooperation between the Italian company and EPS lasts from June 2011<sup>th</sup>, and the plan is to build a power plant by 2017<sup>th</sup>. Construction of thermal power plant has not started yet. And according to the latest news cooperation with Edison will be terminated. And while the Chinese start to build a new unit in TPP “Kostolac B”, TPP “Kolubara B” will have to wait, because for these three years, nothing concrete has been done. There were planned coal reserves from the mine “Radljevo” to supply the new thermal plant TPP “Kolubara B” in Kalenic. It is expected that over 450 million tons of coal be excavated from this deposit, and that these tons will ensure a secure supply of future thermal units “Kolubara B” and unit B3 in TENT.

Energy is a key line of business and economic development of any nation-state. Therefore it is very important to choose a reliable strategic partner to implement projects that are of great importance to the security of the power system.

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