

Serbia: Electricity imports & decommissioning of old TPP units, or modernization of power gen facilities in line with EU LCD IED rules

Serbia power utility Elektroprivreda Srbije EPS is on the crossroad, decision on decommissioning or modernization of old TPP units will determine the future energy balance.

Serbia have to submit by end of 2015 to Energy Community its proposal for emission reduction from large combustion plants. NERP, National Emission Reduction Plan, will basically determine the future strategy of Serbian power utility EPS Elektroprivreda Srbije which is operating with all coal fired power plants. EPS would have to decide on the future of old power generation facilities using coal. The crossroad for EPS is basically a decision on the closure/decommissioning of the power plants or the modernization and investment cycle into environment improvements in accordance with EU standards and LCD/IED directives. Closing of old TPPs units will have to be part of the NERP. EU already warned Serbia that it would have close or modernize five of its power plants. More real option is their modernization as Serbia gets 2/3 of its electricity from coal fired power plants. Recently adopted Energy Strategy 2030 projects the modernization of old plans, new plants and reliance on coal as key resource.

Strategy includes the coal as main national resource therefore the coal fired power plants which are the foundation of Serbia energy balance would have to survive. Energy Strategy 2030 was also approved and commented by Energy Community and European Commission which gave the green light on the strategy stated Milos Banjac deputy Minister of Energy and adds that EU may request some remarks on this path.

EPS power utility recently commented that they already prepared the modernization plan for old power plants. EPS confirm that Serbia is the second biggest coal user after Poland, Germany also produces high amounts of electricity from coal therefore Serbian power plants are not the main polluters in EU explained Dragan Jovanovic director for production of energy in EPS.

Analysis done by professors from Machining faculty, assessment focused on national climate and environment plans, show that the replacement of old technology is slow. Problem is the financing and EPS have to prove by 2017 that it provided the financing sources. One billion euro cost for modernization in accordance with environment rules of EU is hard to find, Serbia is even struggling to locate funding for construction of new TPP which would replace the old technologies explained Aleksandar Jovovic professor of Machining faculty.

Experts agreed that the obligations and requirement coming from LCD/IED directives means that sole old units would have to be decommissioned and some other units would have to be modernized in order to extend the life span of the units. Due to the closure of some plants and increase of consumption Serbia will face lack of electricity. The question

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remains, electricity imports or construction of new power plants. Electricity imports are expensive and risky business. EPS stated that new TPP Kostolac B3 unit would be one of the first replacement units. B3 Unit is being agreed with Chinese banks and contractors.