

The State Aid Council of Bosnia and Herzegovina announce that its decision on the state guarantee for the loan to construct a new unit of the Tuzla thermal power plant is in line with the BiH and EU state aid regulations.

The Council's announcement was in reaction to the Energy Community Secretariat's letter in which it raised serious doubts about the Council's decision and recommended to the Parliament of the Federation of BiH not to approve the loan guarantee.

In July, the Council decided to back the BiH authorities' decision to approve a state guarantee for the Export-Import Bank of China's EUR 614 million loan to state-owned power utility Elektroprivreda BiH for the Tuzla 7 project. The Council said that the BiH authorities' decision does not violate the BiH and EU state aid rules.

The procedure was initiated at the request of the Federal Ministry of Finance for the approval of state aid in the form of a loan guarantee for EPBiH, the Council said on its website, adding that the Council found this was not state aid according to the Law on State Aid in BiH.

The Council has concluded the conditions were met under the law for the loan guarantee extended by the Federation of BiH to EPBiH not to constitute state aid.

In order to further assess the loan guarantee, in accordance with the Stabilization and Association Agreement, the Council used the European Commission Notice on the application of Articles 87 and 88 of the Treaty on the European Community for state aid in the form of guarantees, and found that the guarantee does not constitute state aid.

Regarding the allegations from the Secretariat's letter, the violation of the Treaty establishing the Energy Community can be established only in the procedure before the Energy Community Secretariat, the Council said.

In its letter, the Secretariat said that it has been contacted by Aarhus Resource Centre Sarajevo and CEE Bankwatch Network concerning non-compliance of the decision of the State Aid Council with the Energy Community acquis. This case has been registered as a complaint and will be dealt with under the Secretariat's infringement procedures.

Source: balkangreenenergynews