

**Bosnia & Herzegovina, Kosovo and Serbia paid nearly three times more in subsidies to coal-fired power plants in 2015-2017 than to producers of energy from renewable sources, a report from the Energy Community showed.**

The three countries have been criticised for years for not investing in renewable energy sources and for their outdated coal-fired plants. Moreover, Bosnia and Serbia plan to build new coal-fired facilities that would fail to meet the latest European standards for air pollution.

According to the Energy Community's calculations, in 2015-2017 Bosnia, Kosovo and Serbia paid €444mn in direct subsidies to coal-fired plants and just €147mn for the production of energy from renewable sources.

The total sum paid as direct incentives by all Energy Community contracting parties, which also include Montenegro, North Macedonia and Ukraine, stood at €1.2bn in 2015-2017. Moreover, the Energy Community calculated that they paid hidden subsidies worth €1.9bn annually.

In Bosnia, coal-fired electricity generation takes place in five thermal power plants, of which four are majority state-owned, while one is private. The country has supported the coal-fired plants by reprogramming debt and failure to collect tax and social security contribution arrears from coal mines, waiving the applicable fees for exploitation of natural resources for electricity generation to thermal power plants, provision of state loan guarantees to thermal power plants (TPPs), state-owned enterprise (SOE) investments in coal mines, provision of equity, loans and advances for continued production in the mines.

Meanwhile, Bosnia is preparing to build two new coal-fired plants, Tuzla 7 and Banovici. A recent report from Greenpeace showed that, if built, they will cause hundreds of premature deaths not only in the country but also across Europe.

In Kosovo, electricity generation from lignite is dominant, reaching 92.5% of the total installed electricity generation capacity. The country has subsidised coal-fired production in the form of debt write-offs, loans from the budget and provision of state loan guarantees. The government has also provided the state-owned Kosovo Energy Corporation (KEK) a loan to back its regular operations, considering the low level of efficiency of the thermal power plants and low collection rates for the electricity supplied.

In 2015, of Kosovo pardoned interest payments on loans extended to KEK. Moreover, the Kosovo Energy Corporation plans to invest €445mn in expansion and modernisation of the coal mines, while an investment of €270mn is planned for the extension of the useful life and environmental rehabilitation of the Kosova B thermal power plant.

Also in Kosovo, US company ContourGlobal will build the 500 MW Kosova e Re plant, the

biggest energy project in the country, following an agreement signed with the government in December 2017. Five environmental groups filed a [complaint with the Energy Community](#) in May against the legality of the electricity purchase agreement for the power plant, saying it is not in line with EU rules on state aid as it provides a number of benefits to ContourGlobal.

In Serbia, electricity generation from coal constitutes 54% of total installed capacity and is run by the state-owned Elektroprivreda Srbije (EPS). The electricity generation from coal was supported by direct budget transfers, grants from international financial organisations, reprogramming and failure to collect tax and social security contribution arrears from coal mines, debt write-offs, state loans, loans by state-controlled institutions, state loan guarantees and SOE investment. The government has provided a government loan for the Resavica coal mines, which is not a part of EPS. Part of EPS' debt on the pre-1990 loans from the Russian Federation were also pardoned.

On the other hand, Serbia has engaged in an extensive plan for modernisation of its coal-fired plants, aiming to meet the EU pollution standards.

In February, the environmental NGO Health and Environment Alliance (HEAL) urged the Western Balkan states to close all existing ageing coal-fired power plants and not to build new ones as they are a major source of air pollution to the EU.

HEAL's report pointed out that 16 outdated coal-fired plants in the six Western Balkan states are a public health and economic liability for the whole continent, with people in the EU bearing the majority of the health impacts and costs.

The report noted that eight of the ten top polluters in terms of sulphur dioxide (SO<sub>2</sub>) emissions in Europe are located in the Western Balkans with the leader being Serbia's Kostolac B with 128,000 tonnes of SO<sub>2</sub> emissions in 2016, followed by Bosnia's Ugljevik. Serbia and Bosnia hold most of the places in this ranking where the third largest polluter is Serbia's Nikola Tesla A, followed by Bosnian Kakanj and Serbian Kostolac A and Nikola Tesla B. Bosnia's Tuzla coal-fired plant is ranked seventh, while Macedonia's Bitola takes the eighth place. Two power plants in Poland and Bulgaria are also included in the ranking – Belchatow and Maritsa East 2.

Source: intellinews. com