CEE bankwatch network

EBRD project briefing

EBRD Annual Meeting, May 2013

Kolubara B: a project of the previous century

For more information

Zvezdam Kalmar
Serbian National Coordinator for CEE Bankwatch Network
CEKOR– Center for Ecology and Sustainable Development

tel:
+381 65 5523 191,
+381 60 55 23 191,
fax:
+381 24 523 191P

The energy sector in Serbia is reminiscent of the industrial development strategy of the former socialist Yugoslavia, with thousands of megawatts of power plant capacities planned, and much of that production to be wasted, while people remain unable to afford their energy bills. The EBRD is set to fund this scenario with its support for a lignite–based, inefficient economy in Serbia.

The Kolubara B project first appeared in Yugoslav planning documents of the late sixties, as the second phase of a massive lignite and thermal power plant complex. In 1991 the project was revived as replacement capacity for the ageing fleet of thermal power plants in the Kolubara/Obrenovac industrial complex. At that time, the World Bank assessed the project[1] as necessary given rates of economic growth (5 to 7 percent in the 1980s) and industrial demand. Households accounted for 25 to 30 percent of electricity consumption.

The World Bank assessment also showed that Yugoslavia consumed about 0.4 toe per USD 1000 GDP at a time when the OECD consumed on average 0.3 toe and the Eastern Bloc about 0.6 toe. While the energy intensity of the Serbian economy had not improved by 2008[2], with 0.41 toe/USD 1000 GDP, the structure of electricity consumption changed drastically, with households accounting for the largest percentage. Currently Serbia's energy intensity is still three times higher than the EU. Electricity is used irrationally for non–industrial purposes and it does not contribute to an increase in GDP, while people spend more than 10 percent of their income on energy bills.[3]

The 2015–2025 energy strategy for Serbia is currently under development, and authorities have recently presented a number of priority projects within the framework of the Energy Community for Southeast Europe. Unsurprisingly, Serbia's list includes Kolubara B, Nikola Tesla B3 and Kostolac B – all lignite–fired power plant projects.

1 http://www–wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/1991/05/20/000009265_3960930204142/Rendered/PDF/multi_page.pdf

2 http://www.energy–community.org/portal/page/portal/ENC_HOME/AREAS_OF_WORK/ENERGY_EFFICIENCY/Energy_Intensity

3 According to recent data from the Serbian statistical bureau, in 2012 the average family in Serbia spent 15.8% of its income on electricity, heating and water services.

The Kolubara B project is planned to replace old thermal plants. However closure is planned for just four blocks at Kolubara A,[4] about 250 MW, while 2.1 to 2.5 GW of lignite plants are planned to be commissioned before 2020. Such a capacity increase will inevitably lead to a significant increase in greenhouse gas emissions, the excavation of lignite and related external costs.

The project would not be possible without support for the development of lignite mines in the Kolubara region. According to the spatial plans of the Kolubara region and the dynamics of lignite field development it is clear that without developing field D and the South (Vreoci/ Baroševac), Tamnawa west (Radljevo/Kalenić) and Radljevo fields (Radljevo/Ub) it will not be possible to deploy the new thermal power plants.

These developments will lead to the resettlement of about 3000 to 4000 people in a number of villages and settlements around the Kolubara mines. Resettlement in the Kolubara mining region from early 2000 was associated with high levels of corruption and pressure on local communities to accept low levels of compensations. Property rights were violated in Barosevac, Zeoke, Medosevac, Vreoci, Radljevo, Kalenic, Mali Borak, as people where resettled with insufficient compensation. At the same time, there are households just 50 to 200 metres from the open pit mines, with significant damages on properties and exposure to pollution. People in the region are also affected by water shortages caused by mining operations.

In addition, studies[5] show that authorities have not complied with requirements of the EIA and SEA directives and have not assessed any alternative energy sector development scenarios for Serbia apart from lignite development.

4 According to white book of EPS http://www.elektrovojvodina.rs/assets/uploads/page_elements/useful_links/BelaKnjigaEPS1.pdf

5 Strategy for development of energy sector of Serbia, EIA for Kolubara, spatial planning documents for Vreoci, Barosevac, Radljevo, SEA for the Kolubara region.

Serbia has no programme to reduce electricity consumption neither in homes nor in the industrial sector, and input data for energy consumption forecasts is flawed, skewing the project's economics. The efficiency level planned for Kolubara B – under 37 percent – does not comply with best available technologies. The planned emissions standards do not comply with EU levels, which will affect project economics as Serbian aspirations for EU accession will necessitate higher emission standards and thus require retrofitting. A proper pollution monitoring system is not in place in the Kolubara region. Moreover water quality is affected, noise levels are not measured, and soil pollution is checked only sporadically while heavy metals (including cadmium, arsenic, nickel, mercury and lead) are present in excessive levels throughout the region.

The EBRD should end its support for Serbia's lignite sector and instead focus on energy efficiency projects in the region. Through its policy dialogue, the EBRD should support the development of a sustainable energy strategy for Serbia and help drive the economy away from lignite dependence.