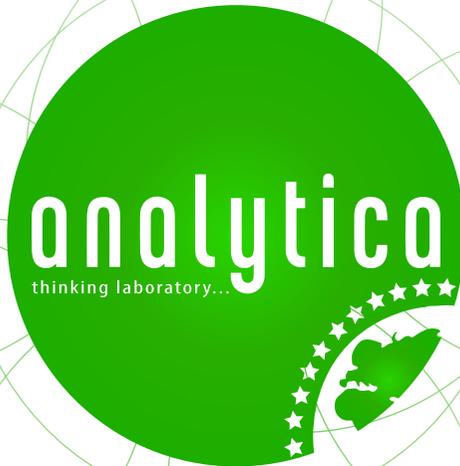


2017/JANUARY

# COMMENTARY



Macedonia is  
not giving up coal

[www.analyticamk.org](http://www.analyticamk.org)

**O**ne of the latest news from the saga of Macedonia's energy system is the return of the operations in TPP Oslomej which was not functional. After one of the Units (no. 3) in REK Bitola TPP was switched off for malfunctioning, during the cold wave in Macedonia, ELEM issued a statement saying that they are making preparations to put into operation the mine and TPP Oslomej in order to increase the domestic electricity production. The estimate is that its putting into operation will take about 12 hours. The company's management previously said that these days, due to the extreme low temperatures, the electricity consumption in the country has been 30% higher than usual.<sup>1</sup>

But the current supply

problems due to the extreme winter conditions are minor compared to ELEM's plans to modernize Oslomej.

Last October 2016, there was a public debate on this issue, for which an official request was sent to ELEM by Analytica and there was no answer to the question who was invited and who were the present stakeholders. According to ELEM: - a Feasibility Study was prepared for the modernization of the TPP using imported coal with high calorific value but also the option for usage of low calorific value coal from local deposits around Oslomej was considered. With this project there will be a solid balanced domestic production capacity, affordable electricity, independent of negative and turbulent

movements of shares and changes in the global energy market and it also will extend the life of Oslomej for an additional 30 years. It increases the efficiency of the unit and reduces the emissions of SO<sub>x</sub>, NO<sub>x</sub> and dust emissions in accordance to the limit of emissions set by the European Union. The modernization envisages replacing the old boiler with a new, designed for burning coal with higher calorific value and consumption of approximately 350,000 tons per year, automation block and revitalization of the generator, wastewater treatment and installation of new equipment to reduce emissions in accordance with the applicable European directives.<sup>2</sup> The total invest-

ment for revitalizing Oslomej according to the Feasibility Study is estimated at 126 million Euros.<sup>3</sup>

### WHAT DOES THE FEASIBILITY STUDY SAY?

The feasibility study estimated that the sites with lignite in Macedonia are minor, hence why it suggests importing coal from Russia, the Ukraine or Poland which would be transported by rail or waterway. The Thessaloniki Port in Greece was said to be the most economically viable port. "According to the document it is envisaged that the domestic low calorific lignite deposits, which have been used in the past for the operation of the installation, be replaced by high-calorific bituminous imported coal. Further mod-

<sup>2</sup> [elem.com.mk/index.php?option=com\\_content&view=article&id=630%3A2016-10-10-08-49-12&catid=1%3ALatest-news&Itemid=125&lang=mk](http://www.elem.com.mk/index.php?option=com_content&view=article&id=630%3A2016-10-10-08-49-12&catid=1%3ALatest-news&Itemid=125&lang=mk)

<sup>3</sup> [Sitel TV \(link in Macedonian\), http://sitel.com.mk/vo-kichevo-javna-rasprava-za-modernizacija-na-tec-oslomej](http://sitel.com.mk/vo-kichevo-javna-rasprava-za-modernizacija-na-tec-oslomej)

<sup>1</sup> [Vecer \(link in Macedonian\), http://vecer.mk/ekonomija/struja-ima-dovolno-se-podgotvuva-itec-oslomej-za-restart](http://vecer.mk/ekonomija/struja-ima-dovolno-se-podgotvuva-itec-oslomej-za-restart)

ernization of Oslomej includes:

- Replacing the old boiler with a new one which will be the type CFB- Circulated Fluidized Bed (designed for burning imported coal with higher calorific value and consumption of approximately 350,000 tons/year);
- Modernization of all three (3) parts from the turbine;
- Automation of the block and the revitalization of the generator;
- Auxiliary equipment for handling coal;
- Wastewater treatment;
- Equipment to reduce emissions in line with the new European regulations and LCP Directive.

Access to fuel for Oslomej is through the closest ports, which meet the requirements and capacity needs for the required quantities

of coal. Further transport of the fuel from the ports to the plant is possible by road transport and rail transport. In addition, it is necessary to build or adapt the conditions for unloading, handling and storage of coal reserves.

Delivery of coal to Oslomej from the global coal markets is divided into three steps:

- a) Import of coal to the nearest port with the included procedures for unloading and storage;
- b) Transport by road to the facilities for unloading in TPP Oslomej;
- c) Admission and keeping the fuel in TPP Oslomej."<sup>4</sup>

Except it is not clear where ELEM will find the

<sup>4</sup> Study for the environmental impact assessment and socio-economic assessment (ESIA) of the project Modernisation of TPP Oslomej, (link in Macedonian) <http://www.moepp.gov.mk/wp-content/uploads/2014/10/ESIA-TEC-Oslomej1draft.pdf>

## COMMENTARY

2017/JANUARY

funds for the renovation of the TPP and the economic viability of investing in coal is put into question as well, when the obligations under the Treaty of Paris predict emissions reduction and eventual membership in the EU requires it. How does Macedonia intend to fight and reduce emissions from the energy sector which is the largest polluter in the state? Furthermore how does it plan to improve the condition of the air, whose quality has deteriorated alarmingly in the past years, with these vast investments in renovating an old power plant?

On 30 November 2016, EC launched the Energy Union which introduced these main tenets: the

Commission wants the EU to lead the clean energy transition, not only adapt to it. For this reason the EU has committed to cut CO2 emissions by at least 40% by 2030 while modernising the EU's economy and delivering on jobs and growth for all European citizens. Today's proposals have three main goals: putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers. <sup>5</sup>

### WHERE IS MACEDONIA IN ALL THIS?

Maybe not in the EU however it is geographically in Europe and going in different directions with the majority of European countries when it comes to a connected system as the energy one, does not promise anything good. No the mention the fact that

<sup>5</sup> Clean Energy for All Europeans – unlocking Europe's growth potential, European Commission, [http://europa.eu/rapid/press-release\\_IP-16-4009\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4009_en.htm)



## COMMENTARY

2017/JANUARY

Macedonia although with such steps says it is trying to secure its energy independence, the dependence on imported coal does not quite promise such desired independence. Macedonia is almost entirely dependent on Russian gas, and with such plans for the future would also depend on Russian coal. Here the question arises: how do the institutions care for the energy security of the country, small and energy-poor, if instead of investing in energy efficiency measures, reducing energy intensity and diversification of the energy resources, they go the opposite direction by putting at risk the entire energy system if they make it dependent not only on imported gas but on imported coal as well. Dependence on imported coal is also unfortunate in terms that Macedonia is a landlocked country hence logically it does not have any ports, and

knowing the political and economic situation in Greece and the frequent strikes and blockades there is a dilemma how do the Macedonian authorities plan to cope with such situations? Was it at all during the planning of the modernization of TPP Os-lomej considered a contingency plan or not and are all the risks taken into account in case when imports of electricity are around 40%, of gas 100% and now there might also be coal imports?

Without serious, public and wider debate about what these preparations will cost the state and not only economically speaking, Macedonia will not have a safe and secure energy future. Focus on reducing losses, savings in the households must be priority be-

fore such a plan for modernization of TPP Os-lomej is even put on the table for consideration.●



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