1. **TITLE OF THE PROJECT**
HYDROPOWER SYSTEM UPPER HORIZONS

2. **SECTOR**
Energy

3. **LOCATION**
The term Upper Horizons means the undeveloped part of the hydropower system Trebišnjica, which is located above the existing Bileća reservoir (elevation 400 masl) encompassing the basins of the rivers Zalomka, Bregave and partly Trebišnjica or karst fields Gacko, Nevesinje, Dabar and Fatničko.
The buildings of HPP Dabar are spread over 32 km and are located in the municipalities of Nevesinje, Berkovići and Bileća.
HPP Bileća is located in the municipality of Bileća, about 5 km from the city, while HPP Nevesinje is located in the municipality of Nevesinje.

4. **BRIEF DESCRIPTION OF THE PROJECT**
The current conception of hydropower water use of Upper Horizons was defined in the preliminary design of Upper Horizons from 1976, which envisages the construction of three hydropower plants upstream of the Bileća reservoir as follows: HPP Dabar, HPP Bileća and HPP Nevesinje (all of which are in the Republic of Srpska).
The main elements of the hydropower system Upper Horizons given in this design are based on the concept for which the water management permits are obtained.
HPP Dabar

HPP Dabar is planned to be built as the first hydropower plant in the Upper Horizons of Trebišnjica River, because it provides the highest energy and water management effects. HPP Dabar is a typical diversion hydropower plant.

HPP Dabar is located on the northern edge of Dabar field. HPP Dabar would use treated water from HPP Nevesinje (water transferred from Gacko field and its own water of the Zalomka River) and own water of Nevesinjsko field.

The buildings of HPP Dabar are as follows:
- dam Pošćenje with reservoir,
- supply tunnel with intake house,
- surge tank,
- pipeline under pressure,
- power house with accompanying facilities,
- regulation of the Ponikve abyss.

The buildings located downstream from the power plant, and necessary for its operation are:
- channel and balancing reservoir in the Dabar field,
- channel through Fatničko field,
- Dabarsko field - Fatničko field tunnel,
- Fatničko field – Bileća reservoir tunnel.

Under the first phase of construction of the multipurpose system Upper Horizons, the construction of the Dabar - Fatnica tunnel of total length of 3235m and Fatničko field - Bileća reservoir tunnel of total length of 15 650m is completed.

Basic features of HPP Dabar are:
- natural flow 2.11 m³/s
- elevation of Nevesinje reservoir 836.0 masl
- storage capacity of Nevesinje reservoir 52.8 x 106 m³
- structural net head 330.70 m
- installed flow 55.0 m³/s
- installed capacity 159.15 MW
- average annual generation 251.80 GWh/yr (additional energy effects on the downstream power plants of 265 GWh/yr gives an overall average annual generation of 516.3 GWh.

HPP Nevesinje

Hydropower plant Nevesinje is a diversion plant, which consists of:
- Zalomka reservoir,
- embankment dam Rilje with clay core,
- embankment dam Nadinići with clay core,
- inlet tunnel from the intake house,
- surge tank,
- pipeline under pressure,
- power house,
- outlet tunnel with an intake house and connecting channel.
HPP Nevesinje uses water from the reservoir, created by construction of the Rilje dam on the Zalomka River and embarkment dam Nadinići which closes the reservoir at the upstream side, given the backflow elevation is higher than ground elevation.

Basic features and parameters of HPP Nevesinje (according to technical documentation drafted in the period from 1980 to 1986 by Energoinvest Sarajevo):

- natural flow 4.7 m³/s
- volume of the basin for the maintenance of the backflow level 185.5 mil. m³
- elevation of maximum backflow 970 m asl
- elevation of normal backflow of HPP operation 970 m asl
- installed flow through turbines 55 m³/s
- installed capacity of the hydropower plant 60 MW
- number of generators 2
- max./min. level of tail water 836/828 m asl
- constructive head 127.10 m
- average annual generation 100.6 GWh

HPP Bileća
Hydropower plant Bileća is a diversion plant designed at the end of the existing hydropower tunnel, which connects Fatničko field with Bileća reservoir. The tunnel is currently being used only for transporting water from Fatničko field to Bileća reservoir. The construction of the power house and accompanying facilities next to the site of the current discharge made tunnel station an inlet tunnel of the hydropower plant.

According to the current technical solution (preliminary design with feasibility study drafted by the Institute for Water Management Jaroslav Cerni in 2007), HPP Bileća is run-off-river consisting of:

- basin in front of the intake house,
- intake house (in function as of the construction of the tunnel in 2005),
- inlet tunnel (Fatničko field – Bileća reservoir tunnel, completed and partially coated),
- surge tank,
- gallery of the closures and pipelines under pressure,
- discharge with chute (in function as of the tunnel construction),
- power house,
- outlet water ways.

Basic data and parameters of HPP Bileća with usage of the Dabar water:

- natural flow (without losses) 46.67 m³/s
- volume of the basin for the maintenance of the backflow level 40 000 m³
- elevation of maximum backflow 470.00 m asl
- elevation of normal backflow of HPP operation 465.66 m asl
- installed flow through turbines 60 m³/s
- installed capacity of the hydropower plant: 33 MW
- number of generators: 2
- max./min. level of tail water: 400/395 m
asl
- nominal net head: 63.10 m
- average annual generation: 116.4 GWh

In principle, HPP Bileća is related to the construction of the whole system of Upper Horizons, but it can be built separately and independently from the other two hydropower plants in the system (HPP Nevesinje and HPP Dabar).

5. **PROJECT DETAILS**

**PROJECT STATUS**

**HPP Dabar**: The concession for the construction of HPP Dabar has been granted to the company Dabar Hydropower plant JSC Trebinje, which is 100% owned by subsidiary of the Power Utility of the Republic of Srpska, the company HPPs on the Trebišnjica River JSC Trebinje.

The Concession Agreement was signed on July 28, 2011.

The value of investment: BAM 352 million (€ 179.9 million).

Documentation obtained:
- location conditions,
- environmental permit, and
- construction permit for preparatory works.

The following activities have been conducted:

- The concrete lining of a part of the Fatničko polje supply tunnel, a significant part of the access roads, 20 KV transmission line and substations, the primary objects of construction site water supply system, and preparatory works on the construction of settlements and the establishment of the construction site are in the final stage.
- Detailed Design for all the objects of HPP Dabar is prepared.
- The procedure of expropriation of land for the construction of HPP Dabar is underway, and land expropriation for preparatory works is completed.
- Activities on the construction of water supply tunnel, intake structure and access tunnels on the basis of the contract on the construction signed on March 24, 2016 with the contractor Integral Inženjering are underway. The contracted amount of the construction of the main tunnel with access tunnels amounts to BAM 111,978,442.32.

All completed work for the hydropower plant Dabar was financed from equity of HPPs on the Trebišnjica River, the founder of HPP Dabar. So far, BAM 32.8 million has been invested in the preparation of project documentation, construction and expropriation and BAM 13 million has been paid as an advance payment under the contract for the construction of water supply tunnel. For the last 10 months the intensive negotiations have been led in order to secure the missing funds.
**HPP Nevesinje:** Preliminary Design has been drafted in the period from 1980 to 1986 by Energoinvest Sarajevo. For the purposes of actualization of this Preliminary Design, the activities are underway in carrying out detailed geological research.

**HPP Bileća:** For the purposes of MH ERS, MP Trebinje, Institute Jaroslav Cerni from Belgrade in 2007 drafted new Preliminary Design with Feasibility Study for HPP Bileća.

**REASONS TO INVEST IN THE PROJECT**

Electricity is a good like any other good, and consequently has its market price. The demand for energy worldwide, including this region, is growing rapidly. In the liberalized market, "satisfying own needs" is certainly not the only criterion for the construction of new plants. The HES Upper Horizons project seems particularly attractive, because, in addition to the electricity generation in new plants, the electricity generation in the downstream, existing power stations in the Trebišnjica basin, would be increased. Previous analysis showed that the planned hydropower plants of HES Upper Horizons have extremely favorable technical and economic parameters. Further, since the planning and construction of hydropower plants requires many years from preliminary planning phase to the start of work, and this project has been prepared for a number of years, and is coming to an end, it makes it very interesting for investment. It should be added that it has been already invested a lot in this project, many facilities and supporting infrastructure have been built, particularly for HPP Dabar (access roads, power lines, construction settlements, etc.).

The following important facts should be taken into account when it comes to evaluation of the Upper Horizons project, especially when considering the integration of this system in the ecological and social environment. At stake is not only the hydropower project, but it is a large integrated development project of public importance, with very complex target structure. The project must be treated as a development project of planning, utilization and protection of catchment areas of Upper Horizons, whose realization should initiate a complex mechanism of reconstruction and development of Eastern Herzegovina, which is now threatened by unfavorable tendencies in social, economic and development terms.

6. **PROJECT FINANCING**

**TOTAL ESTIMATED INVESTMENT**

According to the current estimates, the total investment for the construction of the hydropower plants amounts to:

- HPP Dabar: EUR 179.9 million
- HPP Nevesinje: EUR 97.4 million
- HPP Bileća: EUR 48.26 million

The total estimated investment for HPS Upper Horizons amounts to EUR 325.56 million.

**Note:** The significant funds have already been invested in the realization of HPS Upper Horizons project, since all property issues for HPP Dabar have been resolved, access roads to
the site have been built and certain part of the preparatory work for HPP Dabar and HPP Bileća have been completed.

PLANNED SOURCES OF FINANCING

Energy Development Strategy of the Republic of Srpska envisages different models of financing in the energy sector: public financing, mixed financing (public-private partnership) and private financing.

- RS Government has granted a concession to the company HPP Dabar for the construction of HPP Dabar. The model of public financing is envisaged, which would be about 25% of the funds provided from equity by MH ERS ZP HPP on the Trebišnjica River and about 75% from loans.
- The Government shall make a final decision on modalities of implementation and financing of HPP Nevesinje and HPP Bileća.

7. LOCATION FOR THE PROJECT IMPLEMENTATION

The buildings of HPP Dabar with accompanying facilities is planned to be built in the municipalities of Nevesinje, Berkovići and Bileća and the plant itself is located on the river in the Dabar field.

The buildings of HPP Nevesinje are located in the municipality of Nevesinje, and power plant is located on the Zalomka River, on the eastern edge of Nevesinjsko field.

HPP Bileća is located in the municipality Bileća, in the Čepelica village, the exit part of the tunnel Fatničko field- Bileća reservoir.

8. HAVE THE ACTIVITIES IN PROJECT IMPLEMENTATION BEEN ALREADY INITIATED?

On April 2011, the Government of the Republic of Srpska adopted the Decision on the Implementation of HPP Dabar. By its decision, the Government of the Republic of Srpska granted a concession for the construction and operation of HPP Dabar to the concession company HPP Dabar. Seventy percent of the share capital for HPP Dabar is provided by ZP HPP Trebišnjica and thirty percent by MH ERS Holding Company. The preparatory activities in the implementation of HPP Dabar project have been initiated after the establishment of the company HPP Dabar.

9. APPLICANT AND CONTACT DETAILS

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