

 Early Warning System

EBRD-54625

MEPSO - Transmission grid strengthening



Quick Facts

Countries	North Macedonia
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-05-29
Borrower	Macedonian Transmission System Operator - MEPSO AD
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 28.25 million
Project Cost (USD)	\$ 37.13 million



Project Description

According to the Bank's website, the EBRD is considering providing a senior unsecured loan of up to EUR 26.4 million to the Macedonian Transmission System Operator AD ("MEPSO"). The proceeds of the EBRD financing will be used to finance the construction of (i) 400/110kV substation near Miletkovo, (ii) new 110kv OHTL connection and rehabilitation of the existing 110kV overhead transmission lines and substations in and between Miletkovo, Valando and Strumica, and (iii) develop a training center for high voltage grid operators and other sectoral specialists (the "Project"). The Project will also benefit from (i) EUR 7.8 million investment grant from the Western Balkans Investment Fund (WBIF) and EUR 0.5 million grant from the Climate Investment Fund Accelerating Coal Transition ("CIF ACT"). The total project cost will be EUR 34.7 million.

Overall, the Project will enable MEPSO to strengthen further the transmission network in the southeast region of North Macedonia. This development is pivotal for integrating a considerable array of Renewable Energy ("RE") power plants with the TSO system. The realization of this project is also projected to significantly reduce energy losses, with an estimated reduction of approximately 14.5 GWh annually. Additionally, it will develop a training centre for high voltage grid operators in the coal-affected southwest region targeting not only MEPSO grid operators but also other sectoral workers affected by the green energy transition.



Early Warning System Project Analysis

Categorised B (2019 ESP).

The client will need to set requirements in the tender documentation for the construction contractor and third-party supervision to appoint environmental, social and health and safety specialists as part of their teams. Operational impacts will be managed by the client within existing Environmental and Social Management System and procedures in place. The client fully complies with the North Macedonian Labour Law, and the company's HR provisions and procedures are in line with local requirements and comply with PR 2. The contractors will need to implement an internal grievance mechanism for workers to fully comply with PR2. Pollution risks during construction will be managed by a Pollution Prevention and Control Plan and Soil Management and Erosion Control Plan, while construction noise will be managed by a Noise Management Plan, as stipulated in the ESAP. Construction - Waste Management Plan as part of the CESMP will be developed and implemented by the appointed Contractor(s) to ensure all construction and demolition waste is properly managed according to Macedonian law and EU waste management requirements. Climate resilience measures need to be incorporated into the Project design documentation to reduce vulnerability to future climate change. ESAP stipulates development and implementation of several management plans to mitigate health and safety impact during construction phase.

It is expected that project will result in land acquisition. A Land Acquisition and Resettlement Framework ("LARF") has been prepared as part of the ESDD in line with PR5, including measures for closing gaps with PR5.

The Sub-Project 1 is not located in Natura 2000 site or locally protected areas; however, the wider geographical area of River Vardar corresponds to known bird migratory route. Regarding the Sub-Project 2, existing 110 kV transmission line passes through one locally protected area - Park of Nature Cham Chiflik in 0.5 km long section, and one internationally recognised site i Important Plant Area Belasica (IPA) in 2.8 km long section.



Investment Description

- European Bank for Reconstruction and Development (EBRD)

A senior unsecured loan of up to € 26.4 million.

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Private Actors Description

MEPSO, the 100% state-owned electricity transmission system operator ("TSO") of North Macedonia, was incorporated as an independent TSO in 2005, following the unbundling of the old vertically integrated state-owned utility ESM was unbundled into 3 major companies.

MEPSO's business activity is: (i) transmission of electricity; (ii) management of the electric power system by dispatching electricity throughout the country, as well as balancing the power system; and (iii) organisation and management of the Macedonian electricity market.



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	MEPSO AD	Client	-



Contact Information

COMPANY CONTACT INFORMATION

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ACCESS TO INFORMATION

You can request information by emailing: accessinfo@ebrd.com or by using this electronic form:

<https://www.ebrd.com/eform/information-request>

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent.

You can contact the PCM at: pcm@ebrd.com or you can submit a complaint online using an online form at:

http://www.ebrd.com/eform/pcm/complaint_form?language=en

You can learn more about the PCM and how to file a complaint at: <http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html>



Bank Documents

- [Translation: MEPSO - Transmission grid strengthening \(Macedonian\)](#)