

Croatia: Alstom is main supplier of equipment for Plomin C, will the project's price go up for Marubeni?

The French government intends to stop with giving incentives for coal in developing countries, by ceasing to give tax reliefs for construction of coal-fired thermal power plants. This will affect Alstom, the French energy company that started many projects overseas, and at the same time cooperates with Marubeni as the main supplier of equipment in the project of construction of HEP's coal-fired thermal power plant, Plomin C.

French Prime Minister Manuel Valls said that French public funds will no longer be used for coal-fired thermal power plants in developing countries "without CO2 storage system". However, CCS technology is just in developing stage, only a handful of projects implement it, and several big energy companies recently withdrew from the European CCS research project. When the new rules will come into force, was not stated. Segolene Royal, Minister of Environmental Protection said that conditions and the time for the withdrawal of these privileges should be known soon, in consultation with the businessmen involved in that field. Alstom is planning many projects in the south, using government privileges. Developments in France are extremely important for HEP because this means that the price of the project Plomin C 500 MW on coal, could maybe go up from the current 800 million to one billion euros to a much higher amount, because Alstom's equipment will no longer enjoy export privileges. Price of the project, of course, will reflect itself on the price of energy which HEP should be repurchasing from Marubeni, so in that case the viability of the project may come into question.

Incentives for coal are granted via French export agency Coface, which since 2011 guaranteed for 'coal projects' worth around 1.2 billion euros and is the fifth largest coal incentives provider among the countries members of the OECD organization that grant exporting loans. Coface recently gave Alstom guarantees for one South African coal-fired thermal power plant which should start operating in mid-2015, and which should have a CCS system. The European Commission has less ambitious goals in that field, compared to France, and according to a document seen by Euractiv it suggests only ending of providing incentives for the dirtiest thermal power plants, and encourages the OECD and IEA to conduct additional analyzes on the technical aspects of "clean coal".