

Croatia: EIB interested in financing Krk LNG terminal

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The European Investment Bank (EIB), which signed 250 million euros worth loan with the Croatian Bank for Reconstruction and Development (HBOR), is preparing to finance a major project in Croatia – the construction of LNG terminal and related gas pipelines on Krk island.

EIB's interest rates can be as high as 0.5 % and the project has already been added to the list of projects of special interest. EIB's loan would be easy to obtain, but only if the project itself is prepared well and if it is in advanced stage of implementation.

However, the current Government opted for the construction of floating terminal, but it is not known at what stage of preparation the project currently is. Given the fact that the development of this project should follow some established patterns in order to reach the financing stage, it is necessary to provide new documentation and obtain new permits. Allegedly, that process has already started, but will last for some time and will probably be extended to 2017.

Estimated value of the project for the construction of LNG terminal on Krk island is about 600 million euros, and with gas pipelines and compressor stations the value exceeds one billion euros. The project has been included in the list of the European strategy for energy security, while Croatian Government declared it a strategic investment project which means that all proceedings regarding the project are considered urgent and have highest priority. LNG Hrvatska received non-binding bids for the lease of terminal's capacity in the amount of 5 billion cubic meters for the period between 2020 and 2025 and additional 2 billion cubic meters for the period between 2026 and 2040. The fee for the usage of terminal is not known, but it is speculated that it will be between 30 and 35 dollars per 1,000 cubic meters. If the non-binding bids turn to long-term lease agreements, this would secure an income of some 150 million euros in the first 15 years.

In mid-2015, the United States suggested Croatia to give up the construction of land terminal and consider the construction of much cheaper floating terminal for regasification (FSRU). The construction of land LNG terminal with the capacity of 6 billion cubic meters of gas per year would cost over 600 million euros. However, floating terminal with the annual capacity between 1.5 and 2 billion cubic meters could be operational in year and a half or two, because only minor procedures to the gas transportation system is needed due to its smaller capacity and could be leased for about 50 million euros per year, transmits [Serbia-energy.eu](http://serbia-energy.eu)