

Croatia: Electricity imports decrease by 2020 with new power plants or reliance on excess production in SEE region

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Croatian energy balance for several years relies on high electricity imports. New power generation projects may change this dependency. Regional market trends, at least the announcements, show that whole region will have excess production of electricity by 2020 if all new announced power generation projects are finished. And majority of them are Chinese financed.

Excess production in Croatia neighboring countries will lead to a big drop in the electricity price in the region of SEE, which will very badly affect the financial feasibility of new power plants which are being planned in Croatia. That could be a problem for power plants in Croatia, because power utility HEP will be contractually bound in TPP Plomin to redeem expensive electricity and at the same time will pay off expensive credit for dubious gas power plants in Osijek, which probably is not necessary claim from local energy ngo associations.

Croatia-Japan negotiation on Marubeni engagement in new TPP Plomin C is hard to understand. So, a clear signal has been given to Japanese that Croatia is committed to the realization of this project, “we only need a little more patience” that the EU Directorate General for Competition gives us the green light that HEP, by buying 100% of energy from Plomin, does not harm the market development.

If we put aside the high purchase price – which is a problem in itself – such a contract is de facto a state aid by which a contractor undertakes a privileged position, and there we are already on a slippery slope claim from Zelena Akcija NGO. So many experts familiar with this issue believe that Croatia does not even in a dream have such a lobbying force with which could push a project in Brussels. There is a hope in HEP that what the British managed to do with NPP Hinkley Point C, opens the chance that Croatia gets the green light. Some would say to that: “Quod licet Iovi, non licet bovi”, or “What is allowed to Jupiter is not permitted to the ox”. Since Alstom was engaged as main Marubeni contractor, we might expect that GE will join the advocacy group for Plomin in front of EU Commission.

Croatia is planning two major fossil fuel power plants, which exclude each other. Instead on numbers, it is continuously pumped story that we are “the largest net energy importer in the world” and the public is afraid of “power plants shutdown”, so we will remain without electricity. They spend millions on documentation, tenders are announced, a great mental and financial capacity is put in projects that already are or could easily become economically and environmentally ballast, because of the circumstances in which we have no influence.

Due to obsolescence and inability to meet EU standards, 13 thermal power plants in SEE

region should be rebuilt or shut down. All these countries have plans for restoration of old capacity with new ones, typically coal-fired facilities, in various stages of preparation or implementation. Each country (and most have very good potential for renewable energy), acts as an island in the sea, as if their energy needs cannot be realized by energy interconnection, the synergy of conventional and renewable energy sources and energy efficiency scrupulous. Recently published study shows that BiH, Serbia, Montenegro, Macedonia and Albania could face already in 2024th with a huge energy surplus which rises to 56%! Pressuming all new announced power generation projects are built, but in reality its hard to expect that state owned power utilities will manage to finish new power plants in due time.

Given that the projects of new power plants have being slowly developed, the problem could be visible after 2019th where BiH could have up to 20,000 GWh available for export, and Serbia 18,000 GWh. Excess production in neighboring countries will lead to a big drop in the electricity price, which will very badly affect the projects economy. That could be a problem for power plants in Croatia, because HEP will be contractually bound in Plomin to redeem expensive electricity and at the same time will pay off expensive credit for dubious gas power plants in Osijek, which probably is not necessary. If by any case Croatia does not build its power plants on fossil fuels, but its energy policy directs towards EU horizon, it still could benefit from an abundance of cheap electricity by 2050th. If, however, it engages in fossil projects, the risk is considerable. Thus historic opportunity for quality energy transition in this region could be lost and the National Electric Power Industry will no longer be desirable bride, but rather easy privatization target , transmits Serbia-energy.eu