

The Croatian Electric Power Industry will publish in the next ten days which binding bids for construction of the third unit of TPP Plomin meet the requirements and would be included in the further contest.

In HEP are extremely pleased with the bids quality, but so far is officially impossible to know from that company what is in the offers and who the providers are.

According to unofficial information, three consortiums submitted offers: South Korea's Daewoo with its partners, the South Korean Samsung and Italian Edison and Japanese Marubeni with French Alstom. It is estimated that investments in Plomin C will be between 800 million and one billion EUR. The government recently called Plomin C as a strategic project and its value estimated at about 6.3 billion EUR. According to available information, the Japanese suppliers are extremely interested in investing in the Plomin because they consider this investment as the beginning of the entry of the Japanese capital in Croatia and the region.

Negotiations with banks

However, the Japanese and South Korean investors, as we found out, ask from the state institutions to resolve the problems as soon as possible with the Greens organizations who oppose to the project. This means that the Croatian side has to strike a deal with opponents of Plomin 3 as the construction start, for example, would not be marked with the demonstrations on site or other forms of protest. A sort of truce with the project opponents is also important for future negotiations with the investor banks. Risks are lower in the absence of the project opponents and in this case the banks start financing in an easier and simpler way. Until today the preparation of the project has been followed by a number of complaints of the Greens organizations and Istra County.

The Green Action lawsuit on the environmental permit has recently fallen in the Constitutional Court and the appeal of Istra County on one of the site permits is in the Administrative Court in Rijeka. According to available information, it will be known only in September what consortium has given the best deal for Plomin and then HEP will publish its name and start the negotiations.

Other bids will not be rejected, but in the case that the negotiations with the first ranked stuck, they will start the conversation with the following bidders.

Signing a contract with the selected consortium is expected by the end of year. HEP will establish with it a joint company that will manage the entire project and after putting the third unit into the operation they will manage it together during 20 years. HEP will invest 50 percent in the joint venture, most likely through the land.

According to available information, the new plant will need about two million tons of coal annually. Coal will be procured through tenders from imports, and it can be assumed to be formed a joint procurement for the purposes of TPP Plomin 2 which will be moved to HEP's hands in the next year. Leadership of Istra County consistently opposes to the project

Plomin C, and it was a reason of conflict within the government. About it firstly confronted the then Minister of Environmental Protection Mirela Holy and the then Deputy Prime Minister Cacic who was telling her not to bother the little head with these things.

#### Required investment

Holy requested that the project implementation should not be rushed and that previously should fulfill all the required environmental standards. After leaving office, said how happy she was because she had not to put a signature on the project as the Minister because considered it as infeasible.

Her successor in the ministerial position Michael Zmajlovic emphasized that, if he must choose between coal and natural gas as fuel, always would choose gas, but that the only rational solution in the case of Plomin C was the use of coal with the modern technology. The biggest proponent of Plomin C certainly is Economy Minister Ivan Vrdoljak who was visiting Japan and South Korea in order to directly meet the potential investors with the project and persuade them to bid. Deputy Prime Minister Branko Grcic openly supports the project because he believes that Croatia needs such a big investment.