

Croatia: RWE offers technical supervision to Marubeni for new TPP Plomin unit

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The Thermal Power Plant Plomin consists of two blocks, with the capacities of 115 and 210 megawatts. The Block 1 was built in 1969, whereas the block 2 was built in 2000. The owners of the thermal power plant are the German RWE Power and the Croatian Electric Power Industry (HEP), with the shares of 50 percent each. HEP Production has a multi-year contract with the TPP Plomin on managing and maintaining the block B. The envisaged contract duration is until 2020.

Though they had been expected to apply, and had even been considered favourites in the tender in advance, RWE did not submit a bid for constructing the third block of the power plant Plomin. This triggered rumours that RWE was giving up because of the economic unprofitability of the project.

However, in this company, they explained that, for a long time, they had been studying the manner in which they can maintain their presence in Plomin, but that the development strategy envisaged the cessation of further investments in the electricity produced from coal. "Not because coal is bad, but because we have a very high share of coal-fired thermal power plants in our portfolio", the director of RWE Croatia, Ralf Blomberg, said on this occasion. He explained that investing in such new facilities would mean a risk increase, and would affect the company's credit rating. Blomberg added that they considered this project good and that they were prepared to work on it.

The information leaked from HEP that the RWE had been offering technical assistance, and the option of cooperation with any of the companies that had submitted a bid was left.

Last year in September, Plomin C was a current issue in the Croatian media when, in the tender for the construction of this block, a project worth between 800 million and one billion euros, Marubeni in consortium with Alstom was chosen as the first-ranked bidder. The negotiations between HEP and the Japanese company are expected to result in the signing of contract in the first trimester of 2015. If the negotiations fail to render any result, the second-ranked bid of the consortium of the Spanish Abeinsa and the South-Korean Daewoo will be taken into consideration. The Italian Edison has also submitted a valid bid in the tender.

All three bidders possess adequate technology and they are financially strong enough so as to carry out such an expensive project, which has been conceived so as to protect HEP from taking a financial risk. The task of the strategic partner is to secure the funding, and in the case of Marubeni, cheap capital could come from two Japanese development banks.

The opponents of the project Plomin C, primarily the environmental associations, claim that the project is environmentally damaging, but also that the electricity generated by the

thermal power plant will be twice as expensive as the one that can currently be found on the market. The economic interest of the strategic partner can exist only if a long-term purchase of electricity at high prices is guaranteed by a secret contract, but the price difference will be paid by the citizens, Greenpeace activists claim. They remind that the operation of the thermal power plant requires the import of coal, "the dirty energy product that Croatia does not have". In addition, the data that Marubeni has been included in two major corruption scandals is also presented as an argument against the project, as well as that they have recently paid a one million penalty for bribery.