

Croatia: The government eliminates the last obstacles to starting the privatization of HEP power utility

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Government Andreja Plenkovic slowly removes all obstacles that could hamper the privatization of the Croatian Power Corporation by selling 25 percent of shares through an initial public offering (IPO). So the issue of ownership of the HEP's hydropower plants that was complicated after the 2011 HDZ government, led by Jadranka Kosor, would have to be resolved soon, in the Water Act, deciding on land and related water structures to declare ownership of the state. At that time, the Government's view was that HEP is a strategic company and that it has no privatization, and HEP remains in the same ownership, and hydropower plants, where 50 percent of HEP's electricity production comes from. HEP has requested from the Constitutional Court to review the constitutionality of such a law.

Law Enforcement

When Ivan Vrdoljak, Minister of Economy of the Government of Zoran Milanovic, came out with the idea of selling 25 percent of HEP's shares through IPO in 2014, regulated property was one of the major obstacles to the beginning of the privatization of HEP. This barrier would now be removed as the Government submitted to the Parliament a proposal for amendment and amendment of the Water Act by which HEP, without any compensation, establishes the right to construct waterworks for the production of electricity on the land on which it built its hydropower plants.

However, this does not apply to accumulation, drainage channels that remain state-owned. With the return of HEP's production capacities, conditions for the sale of at least 25 percent of HEP's shares are created, although no one is mentioned as an option that will help the state to get the money for the redemption of INA's shares. HDZ is now privatizing HEP's justice by issuing a stock exchange and better corporate governance, although during the 2016 resettlement in 2016 the party claimed to oppose the privatization of HEP and that it was only for restructuring the company. However, they were also against their partner Most, while they now have partners from HNS who for years have advocated the privatization of 25 percent of HEP's shares.

However, the consequences of the amendments to the Water Act are not discussed either in HEP, nor in the Ministry of Environmental Protection and Energy managed by Tomislav Ćoric. On the question whether they will now withdraw the constitutional complaint, are they satisfied with the legal changes and whether they are the first step in the privatization of HEP, from company have replied that "will be taking legal steps in relation to the circumstances that will arise by passing the Law on amendments to the Law on Waters only after the law has been passed in the Croatian Parliament, ie the entry into force of the Law "

Ownership competence

- The issue of privatization of HEP is the sole responsibility of the Croatian Electricity Company owner - told from HEP, suggesting that responses can only be provided by the Government. However, the Ministry of Energy denied our issue, as well as whether HEP would expect a withdrawal of the constitutional complaint, pointing out that our issues are "related to HEP's business decisions and that we are addressing the responses to them."

Although the possible privatization of HEP through the IPO in the Government so far does not speak for all the bells, but they have clearly admitted that this process is no longer tied to the purchase of INA shares, it is unofficially heard in HNS that an IPO that would HEP gained money for acquisitions in the region, but was also forced to better manage, the best option for that company. In HDZ, however, there are quiet dissatisfaction when these plans are in question, but they also estimate that for the mandate of the present government most likely to be at least the first round of privatization of HEP.