

Croatia: New government halts all major energy projects

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The government of HDZ and MOST has produced the first guidelines of what it intends to undertake in the energy sector, and the announcements are not too optimistic. Moratorium has been introduced on the the investments, a temporary moratorium on the construction of thermal power plants and a moratorium on the current project of hydrocarbon exploration in the Adriatic.

Thus, only two projects which were almost finalized by the former government were stopped indefinitely and so far no one has given a coherent explanation. But now we come to reflecting (from activist or professional perspective?) the projects that we already should have finalized, projects for which we never had the consensus, like we never had a consensus about anything. Of course there were mistakes in the two projects that were supposed to be corrected, but why everyone who comes into power believes that history and common sense begins with them? Every four years at St. Mark's Square and in the Vukovarska street "the great reformers" parade, which generally do not leave much behind, and not one of them caused more harm than good, especially in the energy sector where half of the wisdom is in keeping a smart long-term "course". In a complex environment, energy policy is not to be led by bans and moratoria. If we had not voted in 1999 for the ban on research into the possibility of building nuclear power plants in the electric power maybe today we would not have these problems that we have.

What the Prime Minister came out with this time is not even an original HDZ energy program (which does have its flaws, but it is more complete) but it is MOST's program, which was created after the election and represents an unusual neoliberal hodgepodge of insufficiently credible ideas and solutions, while some key issues are inadequately responded to or completely bypassed, such as the Government-MOL relations. From that program which stopped all energy projects came the request for an urgent start of operations of the Croatian exchange. Whoever wrote it probably does not know that the exchange does not make sense, unless HEP puts a quantity of energy it produced in it. If HEP does so, it will quickly lose the already declining market share. The author of the Energy Programme said he thought that this would drastically reduce the price of energy (which is utter nonsense) and also force HEP to shut down unprofitable units (as if HEP does not use only power plants it deems profitable in the market?!).

From MOST's program comes the announcement of the new Government on full dividing of the ownership of the transmission and distribution system of HEP, so they can be fully devoted to the economy and citizens. When it comes to certification of HOPS in accordance with ITO model, the situation is not great. According to the chosen mode, OPS remains the property of the vertically integrated company, but is independent. The European Commission has concluded that HOPS currently does not meet all the requirements for certification, and

the company and HERA will have to come a great length in order to complete the process. ITO model is the most complicated in the application, and with complete ownership separation of OPS from HEP, a billion HRK worth infrastructure would be extracted from HEP. This also goes for the separation of distribution, which is not at all the request of the Third Energy Package, but it was somehow wedged into the Law on Electricity Market. The separation of the distribution may only be a prelude to its gradual privatization, otherwise there is no need for it. Past practice in the world and Europe showed that the distribution companies were sold literally "for peanuts", for a lot less money than all ports in the distribution area would be worth if commercially marketed. The new, foreign owners improved the management and collection. The service was mostly good before privatization. Now, we have to see if such violent restructuring of vertically integrated Elektroprivreda is in the interest of the state and the buyers of still relatively cheap and available electricity, transmits serbia-energy.eu