

Hungary's competition office approved the sale of German energy company E.On's power plants based in Debrecen and Nyíregyháza in eastern Hungary, to the Hungarian unit of French utility company Veolia.

The two parties signed a purchase agreement in September 2014 and agreed to wind up the transaction by the end of 2015. Competition office GVH approved the transfer of assets it was confirmed to SE from GHV.

The two combined-cycled power plants have not been in operation since June 2013 and were suspended by E.On, because of unfavorable market conditions. The paper noted that the two power plants experience losses due to relatively high gas prices and low power sales tariffs. In order to continue district heating services in the two cities, E.On renovated and established heat-generating boilers prior to the heating season in 2013 at the site of the two power plants, the paper said, adding that these are still operating, and, as Veolia told the paper earlier, these assets were actually the key points in the transaction.

E.On had expressed interest in initiating a long-term biomass operation at the two power plants. The acquisition is expected to add 760MWs of heat-generating capacity and 160MWs of power-generating capacity to Veolia's portfolio. Veolia Energia Magyarország, then called Dalkia Energia said in September that the purchase will raise the number of its retail district heating clients from 67,000 to almost 110,000, and the number of its institutional district heating clients from several thousand to tens of thousands.