

GE takeover of Alstom power generation business could be described as an important business development step in lucrative power market. This fact specially could be applied for the region of South East Europe SEE where Alstom had strong presence and significant market share.

Compared with competitors Alstom was quite dominant in power plants modernization and overhaul projects, especially in Balkan countries, which had to modernize its old coal, fired power generation facilities. Turbine projects made Alstom a quite significant market share in their SEE business activities. The beneficiaries were quite satisfied with performance of Alstom services in many power utilities, which are operating power plants. Engineers are costumed to Alstom equipment and obviously the services, price was always a tough deal for utilities but considering the fact that most of the power plants had Alstom equipment installed the negotiations were not that difficult for Alstom. Commenting on GE takeover of Alstom, the engineers from biggest Serbian power plant Nikola Tesla TENT explained that they are hoping to maintain in same level of constructive conversations with Alstom engineers. This comment obviously makes a support to Alstom customer relation policies. Environment services business for Alstom was also a target, they bided on the major environment FGD project in Bosnia Republika Srpska, the 100MEUR flue gas desulphurization project along with Japanese bidder Mitshubishi-Hitachi, German-Japanese SBENGI and Austrian Andritz. They are also participating in the Chinese financed modernization of TPP Kostolac. Latest Alstom new built latest project was TPP Sostanj which had reported severe equipment issues according to the Bankwatch NGO, specially in environment protection equipment. Sostanj TPP company later reported that Alstom is realizing the guarantied performance tests and the minor issues will be corrected. Alstom was also mentioned as one of the lobbyists for new Croatia TPP Plomin C which is a JV project with Japanese Marubeni and power utility HEP. Considering the GE-Alstom synergy, the TPP Plomin C project and its promoters got a new important ally as Alstom was seen as the main contractor and equipment provider.

Mr. Gaetano Massara the GE CEO SEE in an interview for Serbia Energy explained the synergy between GE & Alstom. Massara commented that he sees strong complementarities between GE and Alstom in terms of both technologies and market coverage. Alstom is a market leader in steam and hydro power generation, in off-shore wind turbines and high voltage grid solutions. GE is on the other hand global market leader in gas power generation business, as well as on-shore wind and low and medium-voltage electrical equipment. With these complementarities, the newly-born GE is an energy giant covering all segments of the energy value chain, able to address the full spectrum of the customers' needs. These complementarities and strengths apply also to SEE, where we are now positioned to be the market leader explained Massara.

What is GE strategy toward key Alstom power gen market segments, RES or power plants?

As we strongly believe - the best countries' approach towards reaching the energy stability and self-sufficiency is diversification of energy sources. That is one of the reasons why GE acquired Alstom. We wanted to be able to offer the advanced technologies capable to efficiently utilize various energy sources, spanning across coal, gas, wind, hydro and other renewables. We want to help countries with significant reserves of conventional fuel, such as coal, to either build clean and efficient power generation plants using coal as a fuel or to upgrade and modernize their existing coal-fired plants, increasing their efficiency and bringing them in a line with the EU's rigorous environmental requirements. On the other hand, we intend to continue supporting the SEE countries to develop a much-needed renewable energy projects in order for the countries to reach the energy independence and fulfil their obligations towards the EU. Serbia, for instance, is a country which needs to invest in clean coal, gas and renewable energy in order to achieve energy security and improve the environmental footprint of its installed capacity.

What does GE bring into power gen market of SEE?

In SEE, GE is also market leader in co-generation power plants based on natural gas, biogas, syngas from biomass, landfill gas, sewage gas, coal mine gases and other special types of gases. GE is the emerging leader in wind energy. With the newly-acquired Hydro business, GE is now positioned to be a leader also in this energy segment concludes Massara.

Majority of power plants which are operating in SEE region are outdated and require modernization, specially in area of environment protection. NERP emission plan which is an obligation for all power generation facilities require statement from operators on their modernization or decommissioning plans. Majority of facilities modernization is targeted toward the improvement of environment protection standards. Expensive green projects like flue gas desulphurization may need a new source of financing, loans from international banks like EBRD or Japanese and Chinese development banks which have this power of equity.

Considering the major requirements for environment protection investments in power plants, in order to keep the power plants running and need for efficiency upgrade. the equipment providers will surely have an eye on SEE market.