

## Croatia, Plomin Coal Power Plant : Plomin C



### 1 . Basic Info.

On September 2<sup>nd</sup>, 2014 the Croatia electricity company (HEP: Hrvatska elektroprivreda) announced Plomin C construction project (500 MW unit, supercritical coal-fired power plant) as a reconstruction of the Plomin A on the coast in Istria County, Croatia.

Currently there are two units, Plomin A and B, at the Plomin power plant. The Plomin A was built in 1969, and its replacement plan for higher efficient Plomin C had come up in 2011. Croatia government is pushing this Plomin C project to increase capacity to support quickly expanding domestic power demand. Following European guideline and BAT (Best Available Techniques), this project aims to reduce environmental impact and increase efficiency as much as possible.

The plant will be operated and maintained by HEP. For this project development, HEP had chosen the French energy company Alstom and the Japanese Marubeni Corporation through a bid. This project is not fully funded yet. The cost of Plomin C was estimated EUR 800-1000 million<sup>1</sup>. The construction is planned to start in 2013 and end by 2018, but the contract between HEP and Marubeni on construction of Plomin C is still not signed.

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<sup>1</sup> Reuters: Croatia, Marubeni was selected as a developer for power plant extension plan  
<http://jp.reuters.com/article/2014/09/02/croatia-marubeni-idJPL3N0R35HV20140902>

## 2. Description

	Plomin A	Plomin B	Plomin C
Construction	1969	2000	2013 start (not started yet) - 2018 2019 target for commercial launch
Owner & Operation	Hrvatska elektroprivreda (HEP)	HEP+RWE Power AG (joint venture)	HEP
Type	Condensing <sup>2</sup>	Condensing	Supercritical (SC)
Capacity	120 MW	210 MW	500 MW

## 3. Developer

Alstom, Marubeni

## 4. Financing

Crédit Agricole (advisory services)

This project was getting advisory services from French private bank Crédit Agricole; however, Crédit Agricole would not be able to finance the controversial EUR 800 million Plomin C coal power plant in Croatia due to new policy<sup>3</sup> that rules out finance for coal power plants in high-income countries including Croatia<sup>4</sup> Crédit Agricole is not conclusive yet.

<sup>2</sup> HEP Proizvodnja d.o.o: TE Plomin

<http://www.hep.hr/proizvodnja/en/basicdata/thermal/plomin.aspx>

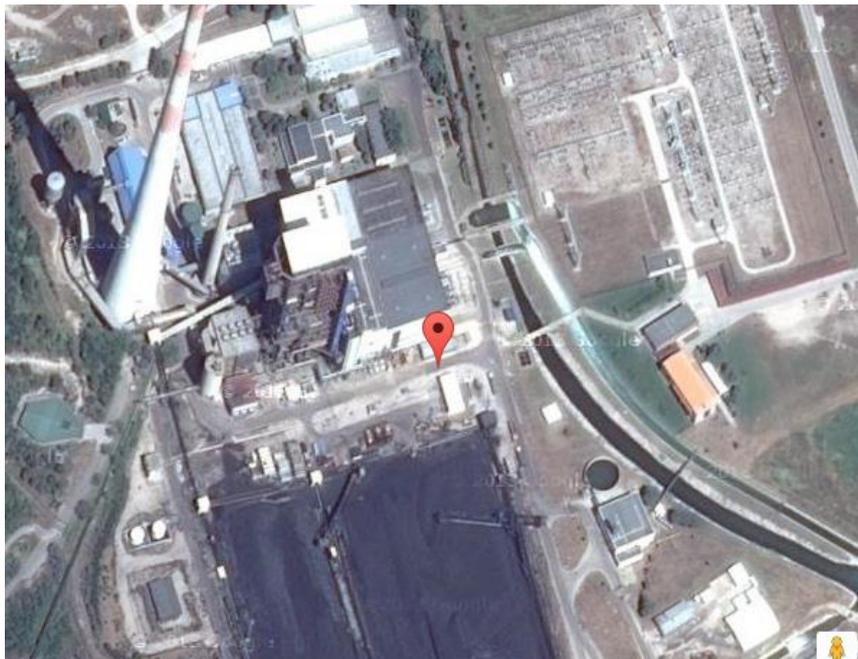
<sup>3</sup> Press Release: Crédit Agricole S.A. announces new undertakings related to coal and CO2 (30 September 2015)

<http://www.credit-agricole.com/en/News-analysis/Press-releases/General-Press-Release-s/Press-Release-Credit-Agricole-S.A.-Credit-Agricole-S.A.-announces-new-undertakings-related-to-coal-and-CO2?hootPostID=cf40402b99ba4ae8588fdd2ac77d12ee>

<sup>4</sup> CEE bankwatch network: Major blow for Croatian coal plant as Crédit Agricole announces new coal power policy (September 30, 2015)

<http://bankwatch.org/news-media/for-journalists/press-releases/major-blow-croatian-coal-plant-credit-agricole-announces-n>

## 5. Location (Plomin, Croatia)



## 6. Brief History

Year	Month	Event
2011		An environmental impact assessment (EIA) was opened for public comments regarding a 500MW power plant unit running on coal.
2012	Sep	Croatia Ministry of environmental and Nature Protection issued an environmental permit for the plant.

	Oct	The Istria County Assembly has called for a local referendum on the plant's construction.
	Nov	Zelena Akcija (Friends of the Earth Croatia) sent letters to the preferable bidding companies with information on the legal and economic challenges of the project and the local opposition against it.
2013	Apr	Greenpeace Croatia launched a study that showed that the Plomin C plant would be likely to cause around 680 premature deaths over its lifetime.
	Jun	First hearing in legal case against the environmental permit
	Oct	Korean company (KOSEP) withdraw from controversial Plomin C project. Also, Polish company (POL-MOT) had withdrawn in the spring of this year.
	Dec	Issue of location permit for the plant in contravention of the Istria Spatial Plan was challenged in court by the Istria county authorities.
2014	Jan	Zelena akcija/FoE Croatia submitted a complaint to the Croatian Constitutional Court to argue on environmental permission for construction plan and argued on the Plomin C's incompliance.
	Apr	Due date of international bidding for Plomin C project.
	May	HEP announced to commit to buying at least 50% of electricity generated at Plomin C for 20-30 years (PPA).
	Sep	HEP announced that selected the French energy company Alstom and the Japanese Marubeni Corporation to construct Plomin C.
	Oct	CEE Bank watch Network presented warnings about the suitability of two major international companies (Marubeni and Alstom) to develop the controversial 500MW Plomin C.
2015	Jan	Lawsuit to the Administrative Court against Ministry of Construction and Spatial Planning was raised.
	Mar	HEP signed an agreement to enter into exclusive talks with Marubeni for the construction and management of Plomin C plant. <sup>5</sup>

<sup>5</sup> The corporate wire: UPDATE 1 - Croatia's HEP to enter exclusive talks with Marubeni on Plomin C TPP project (2015/3/2)

<http://wire.seenews.com/news/update-1-croatias-hep-to-enter-exclusive-talks-with-marubeni-on-plomin-c-tpp-project-465956>

	Mar	The result of the consultation in the Istria County, 92 percent of respondents stated that they are against a new power plant using coal at Plomin.
	Mar	A total 94.5% of people expressed disapproval about the building of the Plomin C in the Labin region of Istria. The turnout was 36.7% of the 20,544 eligible voters. Because the turnout was below 50% advisory referendum was failed. However that 94% of those who voted were against the plant. <sup>67</sup>

## 7. Issues

### 1) Impact on the Climate Change

Croatia's Ministry for the Protection of Environment and Nature issued EIA permission for Plomin C that was originally presented as a reconstruction of the Plomin A. However, in terms of its greater capacity, it cannot say it is a replacement of the existing unit. HEP insists Plomin C will be almost "zero emission" but this new plant realistically would emit 2.644 mt CO<sub>2</sub>eq. Considering EU's long term climate goal, the Croatia's carbon budget by 2050 will be limited to somewhere between 1.566 and 6.264 million tonnes CO<sub>2</sub>eq. Plomin C by itself would emit 2.644 mt CO<sub>2</sub>eq, that takes 80-95% of Croatia's carbon budget. It means other sectors like transport and other industry have to face difficulty for harder decarbonization.

### 2) Air Pollution and impact on Human Health

In April 2013 Greenpeace Croatia launched a study that showed that the Plomin C plant would be likely to cause around 680 premature deaths over its lifetime.<sup>8</sup>

### 3) Legal issues

- When the first unit Plomin A was built in 1969 in Istria, Croatia still produced local coal. When the second unit Plomin B was built in 2000, coal production was ceased, so new project building another coal-fired power plant was opposed by local residents. After completed Plomin B, the local spatial plan (the Istria County

<sup>6</sup> Turkish Weekly: Croatia vote fails to halt Istria power plant

<http://www.turkishweekly.net/2015/03/30/news/croatia-vote-fails-to-halt-istria-power-plant/>

<sup>7</sup> dalje.com "Referendum on future coal-fired thermal power plant fails" 2015/3/30

<http://arhiva.dalje.com/en-croatia/referendum-on-future-coal-fired-thermal-power-plant-fails/540568>

<sup>8</sup> Greenpeace health study: The hidden costs of Plomin C "SKRIVENI TROŠKOVI UGLJENA" 2013/4/1

[http://s3-eu-west-1.amazonaws.com/zeleno-akcija-production/zeleno\\_akcija/document\\_translations/893/doc\\_files/original/greenpeace-report-plomin-c\\_final.pdf?1367580688](http://s3-eu-west-1.amazonaws.com/zeleno-akcija-production/zeleno_akcija/document_translations/893/doc_files/original/greenpeace-report-plomin-c_final.pdf?1367580688)

Spatial Plan) was changed to include limitation on the plant capacity (total unit capacity must not exceed 335MW) and stipulation that newer unit must run on gas, not on coal. In case of Plomin power plant, total capacity of existing Plomin B and newly built Plomin C must not over 335MW. However Plomin C's construction plan, presented in 2011, with running on coal and 500MW capacity, was seriously being considered against the Istria Spatial Plan. Since 2012, Croatia government has been required to confirm its plan repeatedly.

- HEP planed long-term power purchase agreement (PPA), in which HEP commit to buy at least 50% of electricity from the Plomin C for 20-30 years. This is likely illegal under the EU state aid rules as it would be considered state aid prevent open competition.

#### 4) Corruption Risks of Developers

Professor Enco Tireli who worked as a construction manager for Plomin B analyzed economic impact of Plomin C project (Power Plant Plomin C, Feasibility Study<sup>9</sup>) He questioned profitability of Plomin C project. His report mentioned Marubeni was on 9 months hold, since March 2014, of payment from JICA (Japan International Cooperation Agency) because of their involvement in two illegal acquisitions in the past<sup>10,11</sup>, and Alstom also faced few lawsuits in Indonesia and other countries. Selected these troubling companies as a developer might cause financial instability of the projects.

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<sup>9</sup> Power Plant Plomin C, Feasibility Study (Bankwatch)

<http://bankwatch.org/sites/default/files/PlominC-feasibility-03Oct2012.pdf>

<sup>10</sup> 国際協力機構 処置の実施について [http://www.jica.go.jp/information/info/2013/20140326\\_01.html](http://www.jica.go.jp/information/info/2013/20140326_01.html)

<sup>11</sup> 外務省 我が国の政府開発援助（ODA）事業において不正行為を行った企業に対する処置の実施（2014/3/26） [http://www.mofa.go.jp/mofaj/press/release/press4\\_000776.html](http://www.mofa.go.jp/mofaj/press/release/press4_000776.html)

関連情報

「クロアチアの石炭火力発電所計画、丸紅が入札予定か？」(No Coal, Go Green! 2013/9/24)

<http://sekitan.jp/info/marubeni-still-in-bid-race-for-croatian-coal-fired-power-plant/>

Bankwatch network:

<http://bankwatch.org/our-work/projects/plomin-coal-power-plant-croatia>

Bank Track:

[http://www.banktrack.org/show/dodgydeals/plomin\\_c\\_coal\\_power\\_plant](http://www.banktrack.org/show/dodgydeals/plomin_c_coal_power_plant)

Source Watch:

[http://www.sourcewatch.org/index.php/Plomin\\_Power\\_Station](http://www.sourcewatch.org/index.php/Plomin_Power_Station)