

The efficiency of the sixth block of the thermal power plant Šoštanj, threatened by the increased cost of the project, the increased price of coal from Velenje and the historically low electricity price, has started to worry its international donors.

According to the information obtained by the Slovenian media, the European Investment Bank, which has granted a loan of 550 million euros for the construction of the thermal power plant, demands additional state guarantees, by which loan repayment would be guaranteed.

In the Ministry of Finance, they claim that no additional guarantees are required for the EIB and that agreements are valid by the end of the period for which they have been concluded. However, in the EIB, they have obviously studied well the Law on Guarantees adopted in 2012, during the second term of Janez Janša's Government. This is one of the conditions under which the state guarantees for the loan have been granted.

Several months after the law adoption, in the spring of 2013, and after the resigning of the TPPŠ director, Simon Tot, the official project costs grew to 1.4 billion euros. Simultaneously, project holders violated two stated conditions.

In the Agreement Regulating Relationship signed with the state, they obliged themselves that the price at which they would pay the coal should not exceed 2.25 euros per gigajoule and that the project profitability should not be below nine percent. Neither of these two conditions is going to be fulfilled.

IEB representatives explained that they wanted a clear signal from the state about its further guarantees for the loan. This would mean that the Government should confirm the sixth version of the investment plan for the TPPŠ6, received from the holding Slovenian Power Plants (HSE) in February.

However, it is obvious that IEB will have to wait because the material about the TPPŠ6 is stuck in the Government procedure until further notice.

There are at least two reasons for this. First, the Government is still waiting for the report of the Slovenian State Holding (SDH) on whether there were any holes in the final version of the investment plan and in the findings of foreign consultants (the German Vattenfall). The key question is whether the revenues from electricity sales are really artificially inflated. The plan envisages a rapid growth of the sales price, 47 euros per MWh in 2017 to 71 euros per MWh in 2021.

The second reason refers to the possible sanctions for violating the revised obligations. The TPPŠ, as a legal entity, should pay a fine of 100.000 euros for violating obligations, but the state has asked for exemption. In the following weeks, it is necessary to establish objectives that must be fulfilled by the management of SHE and the power plant.

There were also problems at the beginning of trial operation of the new 600 MW block. The necessary technical inspection conducted by the state inspectors for infrastructure began on 6th May. According to information, in the TPPŠ, they wanted the trial period to start this week, but they had to postpone the plans. The commission conducting the inspection has announced that the job could last even up to one month. In case of delay in trial operation, Alstom is entitled to seek indemnity, amounting to 20.000 euros per day of delay according to some estimates.

Source; Serbia-energy.eu