



Mr Georgios Gkiaouris
Operations Leader, Sostanj Thermal Power Plant
European Bank for Reconstruction and Development

CC:

Mr Alistair Clark, Managing Director, Environment and Sustainability Department, EBRD
Mr Ricardo Puliti, Managing Director, Energy, EBRD
Ms Anoush Begoyan, Project Complaint Mechanism Officer, EBRD

Ljubljana, 17 October 2012

New Slovene legal requirements for TEŠ 6 regarding CCS

Dear Mr Gkiaouris,

This communication relates to a decision taken by the European Bank for Reconstruction and Development to provide a loan for €100 million entitled “Sostanj Thermal Power Plant” (hereinafter “TEŠ”) which was signed by the EBRD on 12 January 2011 and builds on the complaint, submitted to the Bank by Environmental Law Service, Focus Association for Sustainable Development and CEE Bankwatch Network on 17 January 2012.

We would like to bring to Bank’s attention new Slovene legal requirements for TEŠ regarding carbon capture and storage (CCS).

On 7 September 2012 changes to the Decree on emission limit values discharged into the atmosphere from large combustion plants¹ were published in the official Journal of the Republic of Slovenia and entered into force on 8 September 2012. The changes to the decree transpose the Directive on the geological storage of carbon dioxide (Directive 2009/31/EC) into Slovenian legislation.

This new, now binding legislation requires TEŠ to prepare, within 6 months after entry into force of the legislation, an assessment of the CCS readiness for its new Unit 6. Based on the assessment, the Ministry responsible for environment will determine whether TEŠ 6 is CCS ready.

In order to determine CCS readiness, the assessment prepared by TEŠ must show whether:

- there is suitable CO₂ storage location available and whether this storage location has an environmental permit;
- the transport of CO₂ is financially and technically feasible, and if
- installing CCS equipment is financially and technically feasible.

In case that all of these conditions can be met, the Ministry will require TEŠ to ensure suitable

¹ Official Journal of RS, number 68/2012

space within the Unit 6 location for future installment of CCS equipment.

We have already questioned the compliance of TEŠ 6 with Directive 2009/31/EC and its CCS readiness in our complaint to the Bank, submitted on 17 January 2012.

Pursuant to the valid Slovene legislation, proper assessment of the CCS readiness for the Unit 6 has not taken place yet. As a result, TEŠ has not met the legal requirements regarding the CCS assessment and therefore it is not possible to determine its CCS readiness under the Slovene law.

The EBRD must ensure that all the projects it finances are in compliance with national and EU legislation. We therefore call on the Bank not to disburse any funds before TEŠ complies with the national CCS legislation.

Yours sincerely,

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Focus Association for Sustainable Development

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CEE Bankwatch Network