



EDF
22/30 avenue Wagram
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France

Zagreb, February 18th 2014
Ur.br : 04/02/2014

Objet: Retrait d'Edison du projet Plomin C

Mr Lescoeur,

Following our previous letters sent to Edison in November 2012 and EDF/Edison in September 2013 on the topic of the Plomin C coal thermal power plant in Croatia, we would like to once again update you on the situation with the project.

Although the court case we referred to in our previous letter was concluded in October 2013, we would like to inform you that there are still two other legal proceedings ongoing, and that the main issue we referred to in our court appeal remains unresolved. The presiding magistrate declined to examine the question of Plomin C's non-compliance with the Istria County spatial plan, stating that it would be examined separately in a case brought by Istria County against the Ministry for Construction and Spatial Planning on the issuing of the location permit for the project. No hearings have yet taken place in relation to this case.

In addition, Zelena akcija has submitted a further complaint - to the Constitutional Court – regarding the magistrate's refusal to examine the question of the spatial plan in our court case, and we are examining further legal options.

In sum, we believe that legal issues continue to represent a serious risk to the Plomin C project.

In addition, the economics of Plomin C continue to be questionable. Prof.dr.sc. Enco Tireli, former Minister of Energy and Industry and Director for the Construction of Plomin 2, has undertaken a new analysis (see <http://slidesha.re/18JYncl>) based on the discount rate of 3.57 percent instead of the previously valid 4.26 percent, using the European Commission's Guide to Cost-Benefit Analysis (2008). He also examined different scenarios regarding CO2 emissions pricing and found that Plomin C on coal would not be economically acceptable even if the CO2 price stays at EUR 4 per tonne.

Such analyses seem to be borne out by what is happening on the ground in other European countries at the moment. As we previously outlined, very few coal power plants are being built in western Europe due to their poor economics, and those few coal power plants licensed several years ago and now under construction or testing are also suffering. In the

Sostanj 6 case in neighbouring Slovenia, for example, the project has become a heavy burden for the government as it is predicted that it will run at a loss of EUR 50 million annually¹ – even though it is a lignite plant and thus the fuel is cheaper than coal. The Duisburg-Walsum unit 10 in Germany has already lost EUR 600 million and has not even started operating yet². There is no reason to believe that a coal power plant in Croatia would fare any better.

We would like to remain at your disposal to discuss any of the issues raised above, and we would like to ask you or other EDF/Edison representatives for a meeting on the topic of Plomin C.

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1 <http://www.dnevnik.si/poslovn/novice/ekonomika-tes-6-se-podira>

2 <http://uk.reuters.com/article/2013/12/09/evn-hitachi-damages-idUKL6N0JO1T320131209>