

EBRD – Supporting the Energy Community

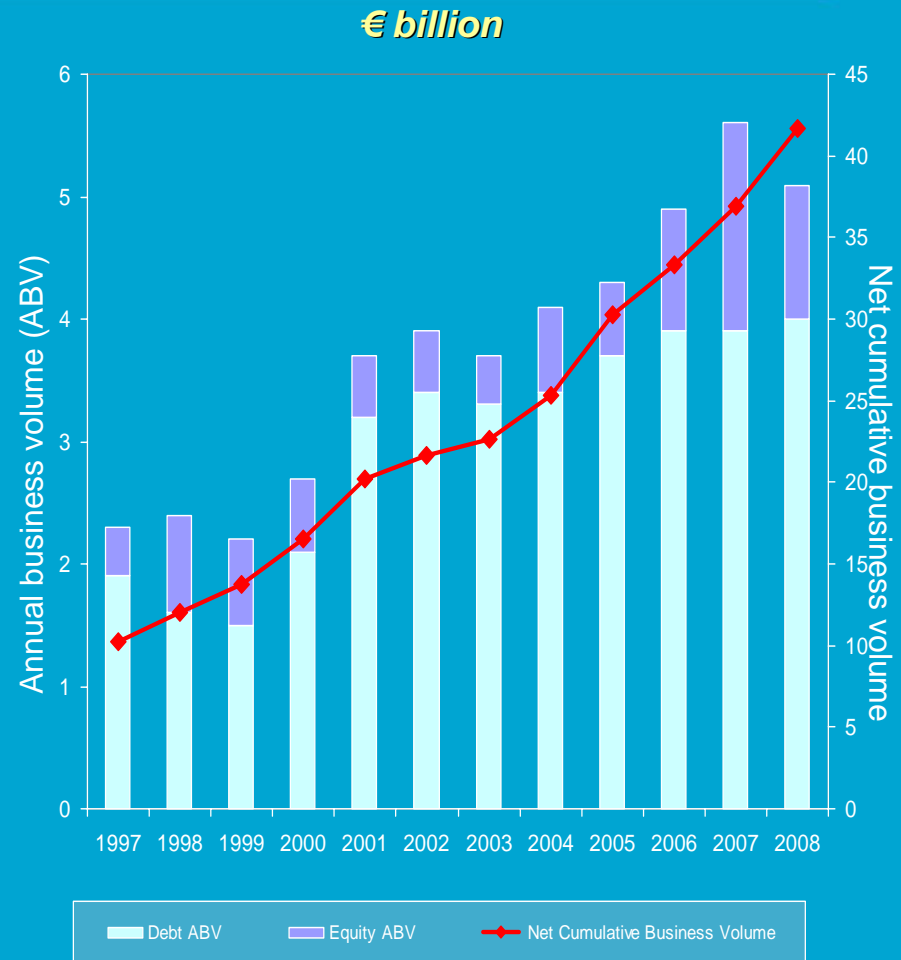
Ian Brown

Sarajevo, June 2009



EBRD: Committed and Growing

- Invested over €41.7bn in more than 2,500 projects
- Private sector > 77% of portfolio
- Debt 78%, Equity 22% of portfolio
- €5.1bn invested in 2008
- €7 bn target for 2009
- Turkey is new Country of Operation from end 2008

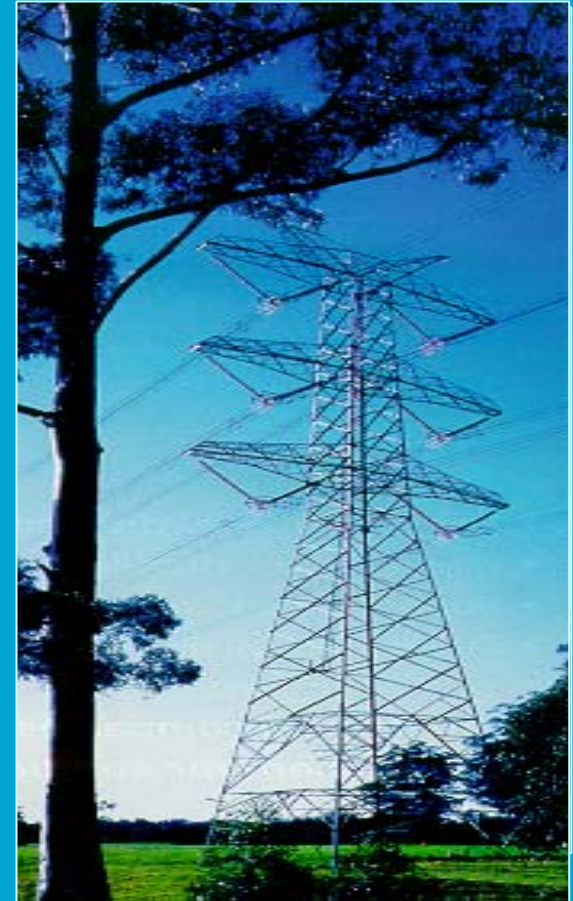


EBRD supporting Power and Energy in SEE and the Balkans



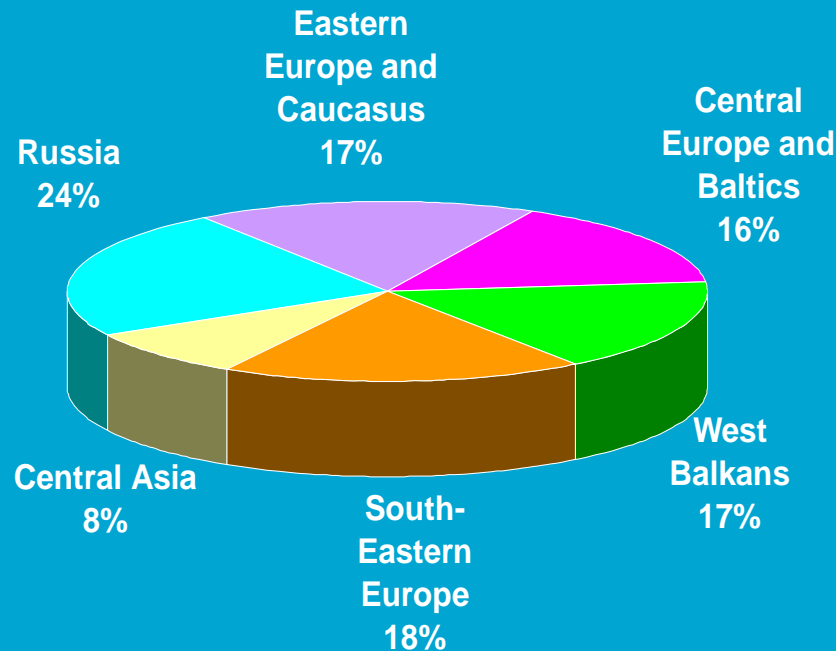
Primary Objectives

- Support sector reforms that enable energy sectors to function according to market principles (e.g., competition, market liberalization, private ownership)
- Strengthen frameworks for regionalisation (trans-border transmission lines, energy trading)
- Prioritise environmental, energy efficiency and renewable energy investments



Financing the power sector

PEU financing by region (1995-2008E)



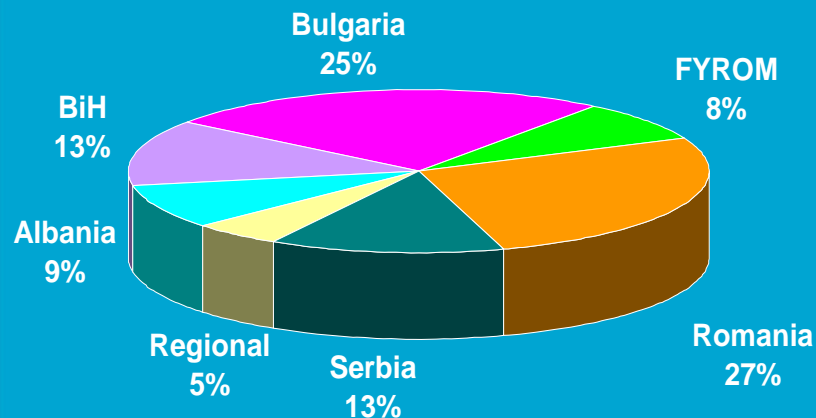
100% = €3.5 bn

- €3.5 bn EBRD financing to power and energy utilities projects with €16.7 bn total value
- **IPPs** are a key focus: Maritza East I, II and III, Pak, Belchatow, Turceni
- Financing for **Renewables** is increasing, including the 156 MW St Nikola wind farm in Bulgaria

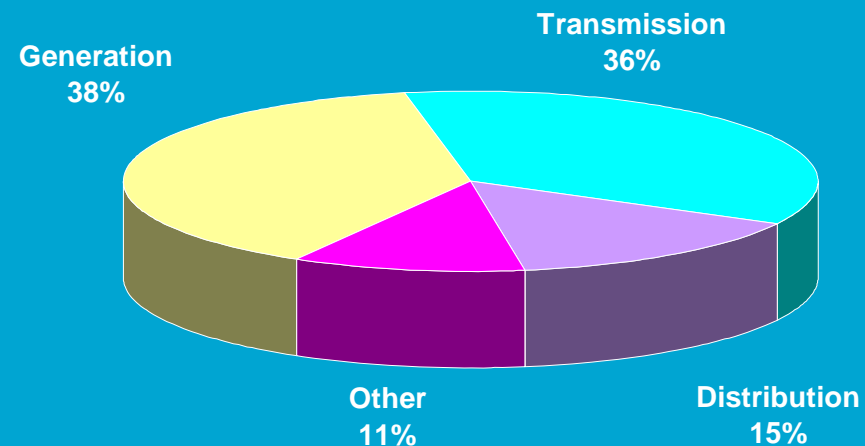


SEE and Western Balkan financing

Financing by country
(1995-2008E)



Financing by sub-sector
(1995-2008E)



EBRD financing to date of over €1.2 bn through 31 projects



Broad and extensive support for SEE

	Western Balkans	Bulgaria	Romania	Regional
Generation	<ul style="list-style-type: none"> - Albania Vlore TPP (€40mn) 	<ul style="list-style-type: none"> - Saint Nikola Wind Farm (€70mn) - Maritza East 1 (€96mn) - Maritza East 2 (€22mn) - Maritza East 3 (€28mn) - Vez Svoghe Hydro (€34mn) 	<ul style="list-style-type: none"> -Turceni Rehab (€100mn) -PETROM CCGT (€200 mn) 	<ul style="list-style-type: none"> - Joint Power Venture (€60mn)
Transmission	<ul style="list-style-type: none"> - Serbia EPS (€60mn) - Serbia EPS Reconstruction (€100mn) - BiH Power Reconstruction (€68mn) 		<ul style="list-style-type: none"> - Transelectrica (€13mn) - NPGC (€33mn) 	<ul style="list-style-type: none"> - FYROM Transmission Interconnection (€41mn)



Note: Selected projects after 2000; figures shown are EBRD financing

Broad and extensive support for SEE

	Western Balkans	Bulgaria	Romania	Regional
Distribution	<ul style="list-style-type: none"> - FYROM ESM Efficiency (€35mn) - BiH Distribution Reconstruction (€55mn) - Albania Rehab (€24mn) 	<ul style="list-style-type: none"> - NE Discos (€17mn) 	<ul style="list-style-type: none"> - E.ON Energie (€11mn) - E.ON Gaz Romania (€33mn) - Distringaz Sud (€31mn) 	
Technical/ Policy Dialogue	<ul style="list-style-type: none"> -Monitoring of privatisation process of Albanian Disco -Network analysis for wind power integration study Serbia 	<ul style="list-style-type: none"> - CCS transport and storage dialogue - Wind power strategic environmental assessment 	<ul style="list-style-type: none"> - Network analysis for wind power integration 	<ul style="list-style-type: none"> - Active participant in the ECT process - Creation of Coordinated Auction Office to trade transmission capacity



Supporting Renewables

- **Small Hydro:** Investor in small hydro assets in Bulgaria, Georgia and Armenia and in negotiations in FYR of Macedonia. Needs clear workable concession framework.
- **Wind:** Recent signing of the financing of 156 MW windfarm in Bulgaria. Cornerstone investors in FreEnergy in the Baltics Have mandates to finance wind projects in Poland, Mongolia and the Baltics – but how much wind power can transmission grids handle?
- **Geothermal:** Have invested in a pioneering large scale geothermal plant in eastern Russia

› Policy Dialogue

- Studies on Wind Power Integration for TSOs
- Policy support/ technical assistance for Western Balkans for EE and Renewables



Western Balkans Sustainable Energy Credit Line and Direct Lending Facility

- EBRD and EU have recently established 2 credit lines for EE and Renewables for SMEs
- Credit Line is on-lent through local banks. Loans €0.5 - €2 mn
- Direct Lending Facility for loans €2 – €6 mn
- Larger projects funded through ‘classic’ EBRD loans
- Both have consultants to support borrowers plus incentive payments (EU funded) 15-20%
- Capacity building support from consultants



Supporting transmission interconnections: FYR Macedonia – Bulgaria

- New 150 km, 400 kV transmission line from Stip, Macedonia to Chervena Mogila, Bulgaria (80 km of the line is in Bulgaria)
- EBRD finances whole project except taxes, customs and duties through a 15-year sovereign-guaranteed loan to ESM
- Bulgaria finances its part through a power delivery agreement with MEPSO



Points for discussion

- **Regional market** establishment slower than hoped: CAO is a priority
- **Market opening:** isn't happening
- **LCP Directive** is a existing legal obligation: is this fully appreciated? Will existing power plants be compliant by end 2017? How much will it cost?



Points for discussion 2

- **Renewables:** Many projects ‘announced’ but project financing needs long term feed-in tariffs and clear legislation, but can grids handle this power?
- **Small scale hydro** needs clear, workable concession arrangements: EBRD can help
- **Distribution losses are still high:** investments can help improve energy efficiency and reduce losses: EBRD working extensively across the region on investments in distribution.



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