EBRD – Supporting the Energy Community

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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

- €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)

- Bulgaria: 25%
- FYROM: 8%
- Romania: 27%
- Serbia: 13%
- Regional: 5%
- BiH: 13%
- Albania: 9%

Financing by sub-sector (1995-2008E)

- Transmission: 36%
- Generation: 38%
- Other: 11%
- Distribution: 15%

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

Note: SEE includes Romania and Bulgaria
Source: EBRD data
**Broad and extensive support for SEE**

<table>
<thead>
<tr>
<th>Western Balkans</th>
<th>Bulgaria</th>
<th>Romania</th>
<th>Regional</th>
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<tr>
<td><strong>Generation</strong></td>
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<tr>
<td>- Albania Vlore TPP (€40mn)</td>
<td>- Saint Nikola Wind Farm (€70mn)</td>
<td>- Turceni Rehab (€100mn)</td>
<td>- Joint Power Venture (€60mn)</td>
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<td>- Maritza East 1 (€96mn)</td>
<td>- PETROM CCGT (€200 mn)</td>
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<td>- Maritza East 2 (€22mn)</td>
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<td>- Maritza East 3 (€28mn)</td>
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<td>- Vez Svogete Hydro (€34mn)</td>
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<td><strong>Transmission</strong></td>
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<td>- Serbia EPS (€60mn)</td>
<td>- Transelectrica (€13mn)</td>
<td>- FYROM Transmission Interconnection (€41mn)</td>
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<td>- Serbia EPS Reconstruction (€100mn)</td>
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<td>- BiH Power Reconstruction (€68mn)</td>
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*Note: Selected projects after 2000; figures shown are EBRD financing*
Broad and extensive support for SEE

**Western Balkans**
- FYROM ESM Efficiency (€35mn)
- BiH Distribution Reconstruction (€55mn)
- Albania Rehab (€24mn)

**Bulgaria**
- NE Discos (€17mn)

**Romania**
- E.ON Energie (€11mn)
- E.ON Gaz Romania (€33mn)
- DistriGaz Sud (€31mn)

**Regional**
- Monitoring of privatisation process of Albanian Disco
- Network analysis for wind power integration study Serbia
- CCS transport and storage dialogue
- Wind power strategic environmental assessment
- Network analysis for wind power integration
- Active participant in the ECT process
- Creation of Coordinated Auction Office to trade transmission capacity

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

* Includes 2 projects in 2008 core pipeline
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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