

EBRD – Energy: Opportunities and projects in the Western Balkans

DEIK BALKAN TALKS

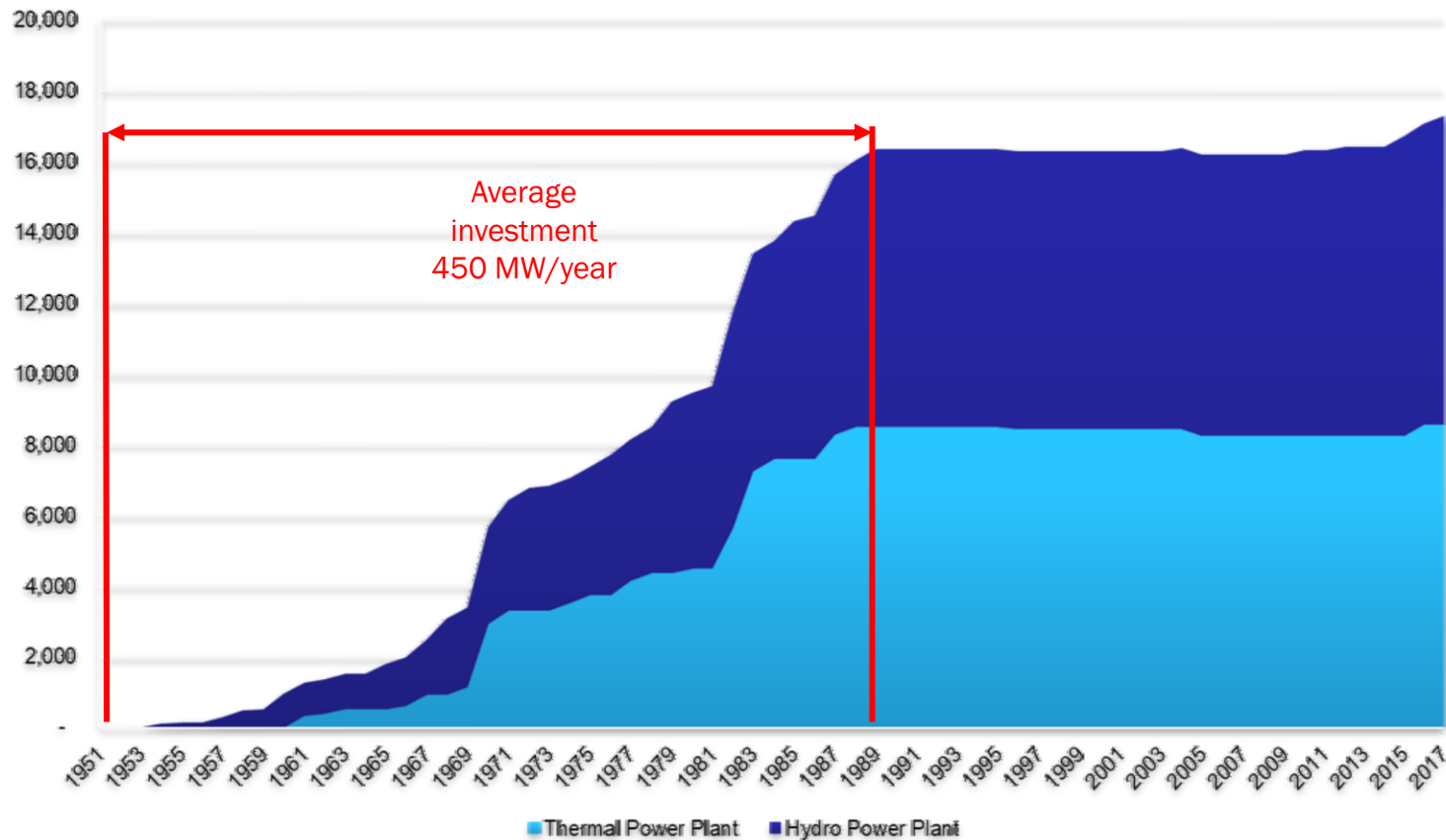
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The Western Balkan Gap

Cumulative generation capacity of hydro and thermal in WB (MW)



- Almost all generation capacity in WB dates back before 1990 (former-Yugoslavia)
- Lack of investments during the past 20 years is evident in all WB6 Countries.
- New and clean generation capacity primarily from Wind and Solar is urgently needed to meet the growing energy demand in the WB6 Countries and sustain regional Decarbonization.
- Need for increasing energy mix, market coupling and regional integration (spot market development, cross border balancing and regional capacity allocation).

- **RES investments** to be accompanied by clear strategies and backed by transparent policies and measures with a collective shift to **AUCTION scheme**;
- More emphasis on **just transition** to support the decarbonisation and RES investment.
- **Transformation of the electricity** sector –transitioning to a resource diversified sector, decentralized operators and new market mechanisms and ownership models;
- Increasing **energy mix**, market coupling and **regional integration** (spot market development, cross border balancing and regional capacity allocation);
- Dissemination of **demand-side technologies** such as smart grid technologies, electricity storage devices and energy efficient technologies.



So what are our energy priorities in the Western Balkans?

New Energy Sector Strategy, calling for an even stronger commitment to ditch coal investments

Decarbonisation

- ✓ **Scaling-up the share of renewable energy**
 - TA in Albania, North Macedonia, Serbia and Kosovo to introduce **RE auctions** and attract competitively priced private investment into the sector
- ✓ **Penetration of gas**
 - Supporting Albania, Montenegro and Kosovo Gas Master Plans
 - Supporting feasibility studies for gas storage in Albania and gas transmission in Albania and transmis. and distribution in N. Macedonia
- ✓ **Just Transition**
 - Pilot project in North Macedonia (diagnostic)

Fostering the development of energy markets

- ✓ **Improving infrastructure eg. reinforcements and through supporting smarter electricity grids**
 - EPCG project in Montenegro - 85% consumers with smart metering systems by 2021
- ✓ **Cross-border interconnectivity and market integration**
 - Intercon. btw Montenegro-Serb-Italy, Kos-Alb-North Macedonia, B&H-Croatia-Serbia
 - Supporting gas pipeline feasibility studies connecting B&H to Croatia, Kosovo to Albania/N. Macedonia and for the IAP³ pipeline

Improving governance and operating standards

- ✓ **Through energy efficiency, climate change resilience and inclusive economies, by supporting SOE and management practices of energy firms**
 - KESH¹ in Albania – energy sector reform package including the New Power Law, KESH's corporate governance
 - EPS² – corporate governance & ES practices
 - Albgaz gas TSO Capacity Building, drafting of Gas Transmission Network Code
 - B&H gas market reforms

1. KESH: Incumbent power generation company in Albania; 2. EPS: incumbent power generation and distribution company in Serbia; 3. IAP: Ionian-Adriatic Pipeline

Bosnia and Herzegovina:

2016. The first non-sovereign loan to state utility company for the introduction of smart metering and network upgrade:

EUR 15 m loan; project resulting in significant loss reduction in the system and efficiency improvements.

Montenegro:

2015. The first greenfield energy project in 30+ years:

72MW Krnovo wind farm ; EUR 48.5m project finance loan to Akuo Energy and **financing introduction of smart metering in the country (2014-2019):** EUR 64 m loan to state owned EPCG.

Albania:

First large scale solar tender won by a developer supported by EBRD at a unprecedented low price (2020) : 140 MW solar plan to be built by French developer Volitalia with a 2.5 EURc/Kwh bidding price.

Serbia:

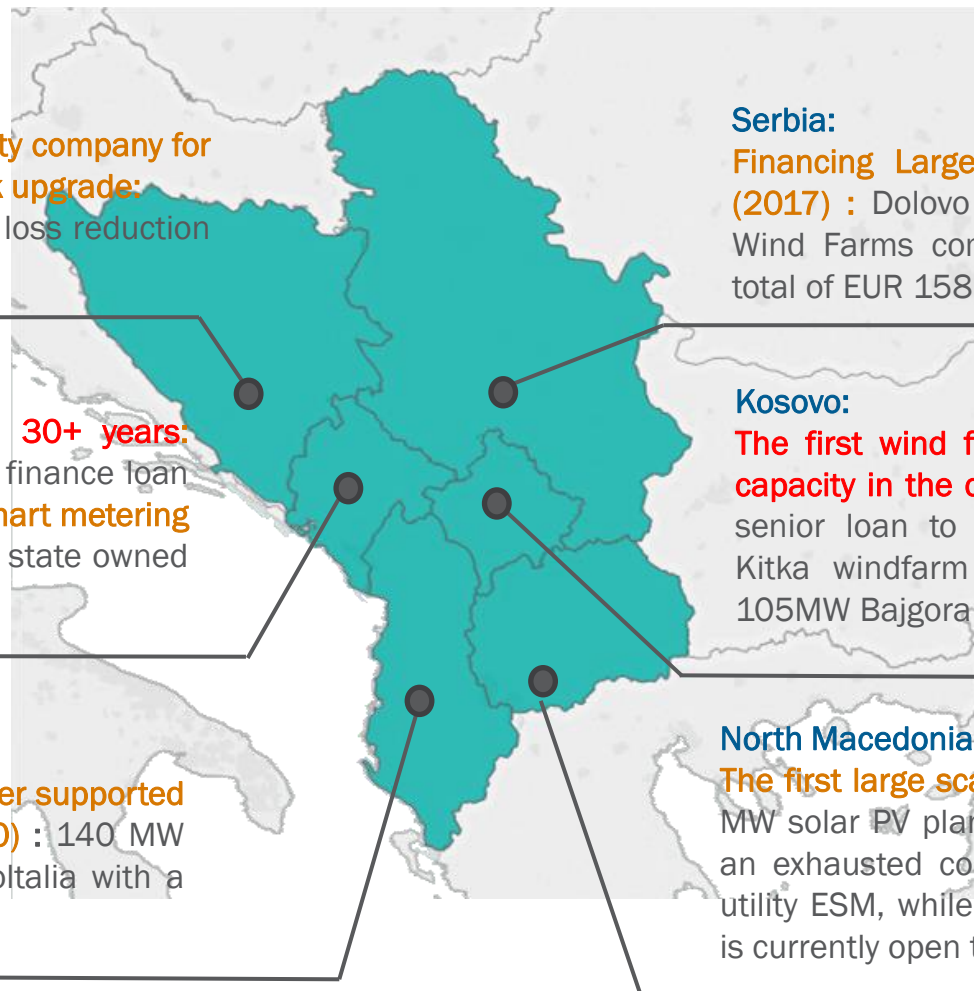
Financing Largest windfarms in the Western Balkans (2017) : Dolovo (158 MW) and Kovacica (104.5 MW) Wind Farms commissioned and operating since 2019; total of EUR 158 m project financing.

Kosovo:

The first wind farms and first larger scale generating capacity in the country for 30+ years (2019). EUR 18m senior loan to re-finance construction of a 32.4MW Kitka windfarm and EUR 58m loan to finance the 105MW Bajgora wind farm

North Macedonia:

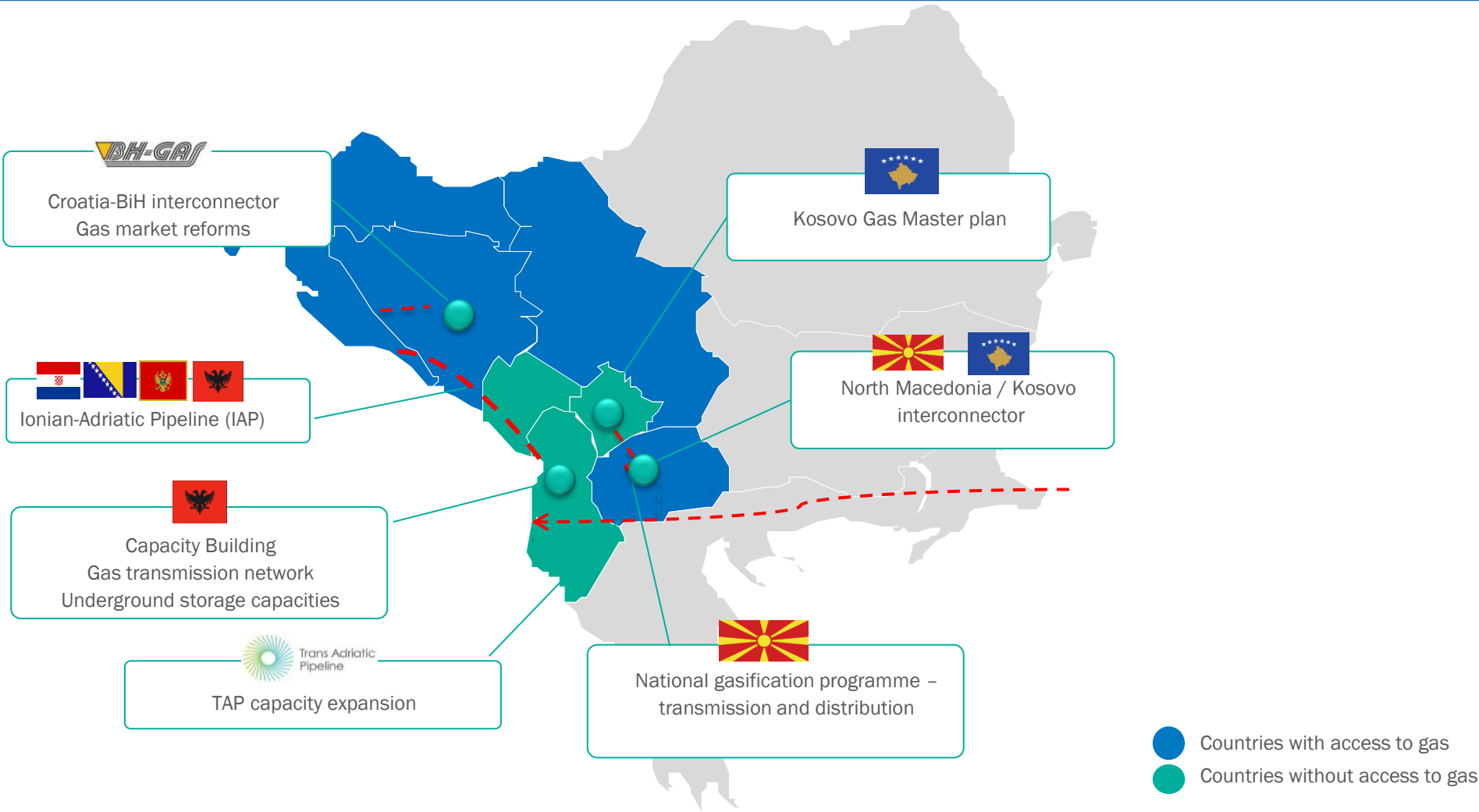
The first large scale PV plant in the Country (2019): 10 MW solar PV plant located next to the TPP Oslomej on an exhausted coal mine pit. EUR 5.9m loan to public utility ESM, while a 100MW solar tender in the location is currently open to private investors.



Gas Sector Pipeline Overview



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2017 - Dolovo and Kovacica Wind Farms, Serbia

Largest windfarms in the Western Balkans. Financing construction and operation of two windfarms in Serbia with capacity of 158MW and 104.5MW, both commissioned.

Dolovo

- **Borrower:** Vetroelektrane Balkana d.o.o. (Serbian SPV)
- **Sponsor:** Masdar (60%), Taaleri (30%), DEG (10%)
- **Capacity:** 158 MW
- **Project Size:** EUR 300 million
- **EBRD A/B loan:** EUR 108 million
- **Co-Financier:** IFC (EUR 108 million)
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** EPS, with a 12-year PPA

Kovacica

- **Borrower:** Electrawinds K-Wind d.o.o. (Serbian SPV)
- **Sponsor:** Enlight (100%)
- **Capacity:** 104.5 MW
- **Project Size:** EUR 190 million
- **EBRD A loan:** EUR 50 million
- **Co-Financier:** Erste Bank (ECA covered loan)
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** EPS, with a 12-year PPA



2019 - KITKA and Bajgora Wind Farms, Kosovo

The very first wind farms and first larger scale generating capacity in the country for 30+ years. The investments represent a major milestone towards decarbonisation in a lignite dominated country where lack of reliable access to electricity remains one of the biggest barriers to development. The EBRD financing follows a **successful policy engagement** with the authorities in Kosovo to improve the renewable offtake framework. These reforms were critical to unlock financing for renewable projects and are expected to attract significant investor interest to Kosovo.

Key Facts

- **Borrower:** Air Energy SH.P.K
- **Sponsor:** Guris Group
- **Project Size:** EUR 60M
- **Capacity:** 32.4MW
- **EBRD Finance:** EUR 18M
- **Co-Financing:** Ziraat Bank EUR 18M
- **Turbines :** 9 x GE 3.6 - 137
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** KOSTT, with a 12-year PPA



Key Facts

- **Borrower:** Sowi Kosovo LLC
- **Sponsor:** Enlight
- **Project Size:** EUR 165M
- **Capacity:** 105 MW
- **EBRD Finance:** EUR 58M
- **Co-Financing:** Erste Bank (ECA covered loan)
- **Turbines :** 27 x GE 3.8 - 137
- **Structure:** Senior loans to the Borrower on a secured limited recourse basis
- **Offtaker:** KOSTT, with a 12-year PPA



2019 - ESM(former ELEM) Solar Project, North Macedonia



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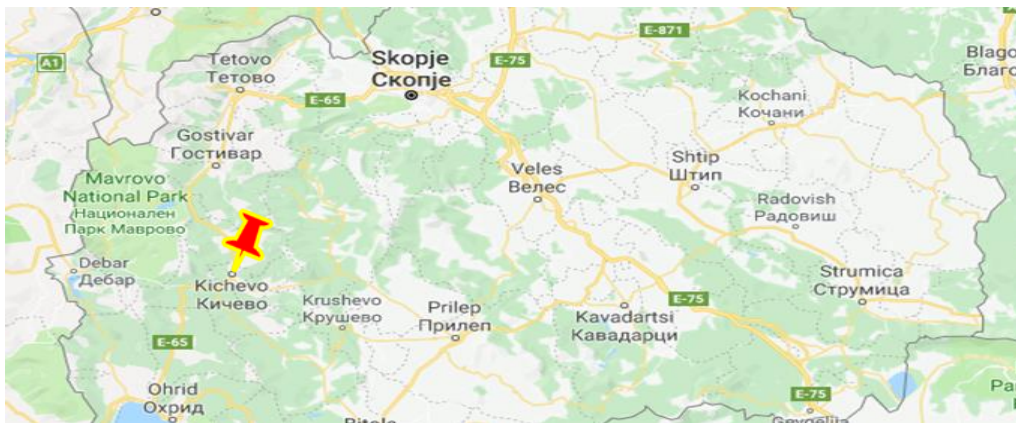
Financing construction and operation of a solar photovoltaic power plant of 10MWp, the first large scale PV plant in the Country, to be located near the town of Kicevo. ESM is a public electricity generation utility, fully owned by the Government of North Macedonia.

Key Facts

- **Borrower:** ESM ad
- **Project Size:** EUR 8.7 million
- **EBRD finance:** EUR 5.9 million
- **EPC Contractor:** Girisim Elektrik
- **Structure:** Senior unsecured loan to ESM ad
- **Reconversion of working resources**



Location



...what they said

"This is an important project not only for the energy sector but also from the environmental and social aspect. The plant will be constructed on the existing lignite mine in the vicinity of the TPP Oslomej on a 15 ha area which needs to be recultivated.

- Dragan Minovski, Chief Executive Officer, ESM



THANK YOU,
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