

Sustainable Energy Initiative

Renewable energy activities



European Bank
for Reconstruction and Development

April 2011

Promoting the use of renewable energy in the region is an important component of the Bank's Sustainable Energy Initiative (SEI). Since its launch in 2006, SEI renewable energy financing reached €714 million invested in 28 stand-alone renewable energy projects. In addition, the Bank has invested in a number of small-scale renewable projects through its Sustainable Energy Financing Facilities (SEFFs).

Around Renewable energy – such as wind, solar and biomass – currently makes only a small contribution to the energy supply of the Bank's countries of operations, and its development is hampered in part by weak institutional and regulatory frameworks. To address this challenge the Bank is working at all levels to increase the region's capacity for renewables, from providing project finance to offering technical cooperation and leading policy dialogue to shaping the regulatory frameworks that support investments.

Project highlights from 2010

The shortage of commercial credit caused by the global economic crisis has led to the EBRD becoming one of the largest investors in renewable energy in the region and in 2010 the Bank signed a total of nine renewable energy projects worth €363 million. This total was nearly triple the Bank's 2009 volume in this sector, which was in turn an 89 per cent increase on 2008's investments. It is estimated that the nine renewable energy projects financed by the Bank in 2010 will result in a total reduction in carbon emissions of nearly two million tonnes annually.

Wind power is a key part of the EBRD's renewables portfolio and this was exemplified in 2010 by projects such as the €60 million loan to construct the Suvorovo wind farm in Bulgaria and the Bank's €45 million loan to co-finance the construction and operation of Margonin, the largest wind farm in Poland. The latter project won the prestigious EMEA Finance Achievement Award for Best Sustainability Deal of 2010. Historically the Bank has used limited-recourse project finance to support wind power but this year the Bank also used equity for the first time to scale up investment in larger portfolios of wind farms, investing alongside Iberdrola Renovables

in a deal that will support the ongoing development of wind farms in Hungary and Poland.

Hydro projects are an important component of the EBRD's renewables activity and in 2010 the Bank has undertaken investments such as the second phase of the Enguri Hydropower Plant Rehabilitation project. This will see an EBRD loan used to improve operational safety and performance at the Enguri Hydropower Plant facility, the largest hydropower plant in Georgia and the second highest arch dam in the world.

Examples of renewable projects can be found overleaf, and details of all the Bank's renewable energy activities are published on the dedicated web site at: www.ebrdrenewables.com



At a glance

The EBRD's Sustainable Energy Initiative (SEI) was launched in 2006 to address the twin challenges of energy efficiency and climate change in the region. Since then, SEI results under the renewable energy (RE) sector include:

SEI stand-alone renewable energy projects signed

28

SEI investments

€714 million

Total project value

€3.9 billion

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SEI web site
www.ebrd.com/sei



EBRD renewables web site
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Sustainable Energy Financing Facilities (SEFFs)

The Bank aims to expand renewable energy lending beyond large-scale projects to include small and medium-sized enterprises (SMEs). It does this by developing long-term credit lines to commercial banks for on-lending to industrial and small-scale renewable and energy efficiency projects. Credit lines are combined with technical assistance (for example, scoping and environmental impact assessments of renewable energy potential or training) to banks and prospective borrowers. The Bank uses its Sustainable Energy Financing Facilities (SEFFs) as the vehicle for this and in 2010 signed 30 transactions under the SEFF model for a total of €452 million. These included a €50 million loan to Bank BGZ and €35 million loan to Bank Millennium for on-lending to local SMEs in Poland as part of the Bank's Poland Sustainable Energy Financing Facility and the establishment of the Western Balkans Sustainable Energy Direct Financing Facility.



For more information:
www.ebrdseff.com

Technical cooperation and policy dialogue

As well as investment projects, the EBRD provides important technical advice and undertakes policy dialogue initiatives related to renewable energy. A list of some of the technical advice in regard to renewable energy in 2010 is provided in the table below.

Policy dialogue is an instrument which can deliver transformational change in a more extensive way than stand-alone projects can achieve. In 2010 the Bank has actively developed activities in this area to strengthen the policy and regulatory frameworks that support renewable energy transactions and investments. Sustainable Energy Action Plans – which define the areas in which the Bank and a government can work

together on sustainable energy – have now been signed with authorities in Bulgaria, Kazakhstan, Moldova, Russia, Turkey and Ukraine and these provide a road map to increased investments in renewables for each country.

As well as using its own funds, the Bank works closely with other international financial institutions and is an active participant in the Climate Investment Funds (CIFs) to provide substantial finance for climate change mitigation in the region. It has also established links with international climate finance programmes like the Clean Technology Fund (CTF), Global Environment Facility and others to mobilise co-financing whenever possible.

Examples of technical assistance and institutional support in 2010

Support to the Russian Market Council on development of green tariff methodologies for the Russian market.

Strategic environmental assessments of small-sized hydropower development in Bosnia and Herzegovina and Georgia.

Preparation of a renewable energy projects pipeline in Ukraine.

A strategic environmental review of wind power development in Bulgaria

Strategic planning of small- and medium-sized hydropower development in the Kyrgyz Republic.

Preparation of small-scale hydropower projects for private sector participation in Tajikistan.

Wind integration studies in Serbia and Montenegro.

Environmental and social assessment of the proposed Nikopol biomass project in Bulgaria.

Showcase renewable energy projects in 2010

Energa energy group, Poland	PLN 800 million loan that will enable Energa energy group to link new renewable energy sources to the grid in Poland.
Enguri Hydropower Plant Rehabilitation, Georgia	€20 million loan extension for the Enguri Hydropower Plant facility that will alleviate critical power shortages in the country at a relatively low cost and with significant environmental benefits.
Iberdrola Renovables, Hungary and Poland	€125 million equity investment in the Polish and Hungarian subsidiaries of Iberdrola Renovables that will enable the construction of two more wind farms in Hungary and another in Poland with total additional capacity of 98 MW.
Margonin wind farm, Poland	€45 million loan to co-finance the construction and operations of Margonin, the largest wind farm in Poland, which is expected to represent approximately 14 per cent of the total wind generation capacity in the country.
Raiffeisen Bank Zrt, Hungary	€25 million credit line to Raiffeisen Bank Zrt. to finance energy saving investments in the Hungarian municipal sector.
Saturn Biomass power plant, Poland	€30 million loan to finalise the construction of Poland's first large-scale biomass power plant.
Suvorovo wind farm, Bulgaria	€60 million syndicated loan to Eolica Bulgaria to develop a new wind farm in the north-eastern region of the country. The farm will comprise 30 wind turbines and have a capacity of 60 MW.