

Renewable  
energy:  
Strategic  
assessment

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## The strategic assessment has identified 1,400 renewable energy projects with potential for development.

The EBRD has invested around €500 million in renewable energy to date, including one geothermal project and nine hydropower rehabilitation projects. In the latter part of 2001 work commenced on a new strategy to further promote the development of the renewable energy sector. With assistance from the Project Preparation Committee (funded by Luxembourg and the Netherlands), a proposal was drawn up to identify opportunities and determine priorities. During 2002, with funding assistance from the UK and the US Trade Development Agency, the EBRD carried out a strategic assessment to determine priorities for future investments.

The strategic assessment examined potential projects across 27 countries, utilising wind, solar, biomass, geothermal and small (<30MW) to medium (<100MW) hydroelectric sources. Assessment criteria were applied to identify projects with strong potential, taking into account the details of each project, the state of the power sector, and incentives and barriers to resource development.

A web site (<http://projects.bv.com/ebd/>) has been developed, providing detailed profiles of the renewable energy situation in each country. The web site has proved to be a very popular information source, with 27,000 hits recorded by December 2002. Common

themes running through each of the country profiles highlight the challenges involved in the development of renewable energy projects.

These include:

- high upfront capital and development costs
- low electricity tariffs
- poor collection rates
- lack of reliable resource data for project developers
- limited private participation.

Against these challenges, the country profiles also highlight the advantages and incentives of renewable energy, such as:

- pollution and greenhouse gas reduction
- low operating costs
- no volatility in fuel price
- reduced implementation risks.

The Strategic Assessment identifies 422 areas and 1,400 specific projects with potential for development. The majority of the projects are in the hydroelectric sector (1287 projects), followed by biomass (53 projects), wind (53 projects), geothermal (30 projects) and solar (two projects). Among the top-ranked projects are a wind park in Poland, a bio-refinery in Poland and a hybrid wind/diesel plant in Far East Russia.

The completion of the initial phase of this work has resulted in a substantial amount of information being compiled. Through the release of this information over the web site, the overall awareness of possibilities for renewable energy has been increased. Continued updating of the web site will help to maintain visibility and possibly attract investor interest.

To advance the priority projects, additional work is required to obtain more detailed project-specific information. Part of the assessment for each project will be to determine sector reform needs and the potential role for grant assistance in moving both projects and sector reforms forward in parallel. Links to broader efforts in support of renewable energy (carbon credit trading, Global Environment Facility) will also be explored.

Through this donor supported work, the EBRD's Energy and Environment Teams have been able to complete the first phase of the renewable energy strategy. During the course of 2003 further discussion will take place with donors, focusing on web site development, sector reform and project implementation.