

The European Bank for Reconstruction and Development (EBRD) funded renewable energy generation with about €4 billion between 2006 and the end of 2014, said Nandita Parshad, EBRD Director, Power and Energy Utilities.

In an interview with Balkan Green Energy News, she said that in the Western Balkans they supported numerous projects, particularly focusing on regional connectivity, for example interconnectors which enabled energy exchange.

Among the projects in region supported by the EBRD, Ms Parshad emphasised construction of wind power plant on the hill of Krnovo near Niksic for the purposes of which the bank was preparing a loan of over EUR 45 million.

She reminded that project was expected to be Montenegro's first utility-scale wind farm. The borrower is the "Krnovo Green Energy" company, established exclusively for the purpose of construction and operation of the wind plant. The investor is Paris-based "Akvo Energy SAS" company, engaged in development and management of renewable energy sources.

Agreement on land lease and construction of wind plant on the locality of Krnovo was signed in August 2010 with a consortium consisting of Japanese company "Mitsubishi Heavy Industries" and Vienna-based "Ivica Consulting".

Ms Parshad stressed that, in the region and beyond, challenges were coming from changing regulations and policy frameworks, including retroactive changes to support schemes for energy from renewable sources.

"The regulatory changes have, at least in some countries, been a consequence of regulators not being fully independent and as insulated from political pressures as they should be. In countries where project developers were negatively affected by retroactive regulatory changes it will likely take some time to restore investor confidence to levels seen some years ago", Ms Parshad said.

She reminded that the EBRD was the largest renewable energy investor in its regions of operations, and in many countries the bank had pioneered the use of renewable energy resources. As she said, in the period since 2006 the EBRD had actually invested more in renewable energy generation than in thermal power generation.

"From 2006 to the end of 2014, within the framework of the Initiative for Sustainable Energy (Sustainable Energy Initiative - CEI), to sustainable energy and projects related to climate change, €16.4 billion was invested. Financing energy production from renewable sources accounting for approximately 23% of that amount - about €4 billion, including its electricity from hydropower," Ms Parshad said.

Financing for renewable energy generation represents roughly 23% of this amount - approximately €4 billion (including hydropower), she said. Ms Parshad also explained that financing for renewable energy projects was offered either directly for larger scale projects, or via credit lines to local financial institutions for smaller-scale projects.

She added that during the same period, the EBRD invested €3.65 billion in thermal power generation, which included important investments in rehabilitation of existing infrastructure to make it more efficient and investments in gas fired power plants, which support the further expansion of renewable energy as flexible back-up generation.

“In the Western Balkans we also particularly focus on regional connectivity, for example interconnectors which enable energy exchange, improve energy security and introduce flexibility to enable further renewable generation projects”, Ms Parshad said.

To date, as she said, renewable energy investments had lagged behind other regions due to relatively high investment costs per kW installed, low energy tariffs prevailing in many countries, and weaker institutional capacity and regulatory frameworks.

The EBRD’s business in volume and number of deals in the power sector and renewable energy projects in particular has quadrupled since 2007, when Ms Parshad became the head of the team of 30 professionals covering 35 countries. The portfolio exceeds €6 billion and annual business is over €1 billion, the bank communicated.

Source; CDM