Serbia has laid the groundwork for the construction of 500MW in wind farms with the approval and publication of long-awaited renewable-energy legislation on power purchasing agreement criteria, incentives and other details of the market framework.
“This is the last building block we were waiting for,” said Nicolas Bruynooghe, business development director at Belgian renewable energy developer and producer Elicio.
“You can clearly see they are the result of lengthy discussions with the international financial institutions, which is important, but something you don’t see very often.”
“We now have a good, well-crafted regulatory package in place that seems workable,” said Djordje Popovic, a lawyer in the Belgrade office of CMS Reich-Rohrwig Hainz. He expects construction on the first projects could begin by next spring.
Earlier this year, the energy ministry revealed the list of projects that would make up the total 500MW capacity cap to which the new rules will apply, including two Elicio projects. Bruynooghe said the firm is now moving “full-speed ahead” with financing.
Other developers are also stepping up discussions with financers, turbine suppliers and EPC contractors. The largest planned wind farm is 158MW, developed by Continental Wind Partners.
“This 500MW cap is an important cornerstone,” said Louis Borgo, a senior banker for power and energy utilities at the European Bank for Reconstruction and Development, which could close its first, “pretty big” Serbian wind financing deal by year end.
“Serbia will be able to show investors that they can come in and get projects up while getting what is advertised. It can move along the learning curve and build trust with investors,” Borgo added.
Learning from neighbours
With the cap, the country seems intent on avoiding the missteps of neighbouring markets, such as Romania, which was flooded with investors in the wake of generous incentives, proving onerous for the state.
Incentives foreseen for Serbian wind farms are seen as solid, particularly given the country’s strong wind resources. As expected, the legislation confirmed a feed-in-tariff of €92/MWh for 12 years, unchanged from the previous level.
Serbia took its first steps towards its 500MW target – which it expects to reach in 2019 – with the launch late last year of the 9.9MW Kula project, developed by MK Fintel Wind, a joint venture 54% controlled by Italy’s Fintel Energia Group and 46% by Serbian conglomerate MK Group.
A candidate for EU membership, Serbia forecasts its share of renewable energy in gross electricity consumption will rise to 27% in 2020 from 21.2% in 2009, with wind accounting

for nearly half of new renewable capacity to 2020. Developers are hoping Serbia will set its sights on more ambitious objectives in the future, with studies pointing to a wind potential of some 1.3GW.
source: windpowermonthly.com