

# 4th South East Europe Energy Dialogue

International Conference "4th South East Europe Energy Dialogue"  
IENE, 3-4 June 2010, Thessaloniki

## Investment and Business Opportunities in Renewables Markets of SEE

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# The General Background of RES Investments

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- **International dynamic environment**
  - Reduction of costs (photovoltaic)
  - New technologies and applications into market (CSP)
  - Involvement of big players in RES business, economic crisis
- **EU policy fostering higher rates of implementation**
  - Relevant Directives imposing ambitious targets
  - Carbon emission reduction policies, EU ETS
- **SEE electricity markets restructuring in progress**
  - Legal compliance through EnC Treaty, RES rules and provisions
  - Implementation unstable and under uncertainty
- **Competition of RES under certain restrictions**
  - Tendering and licensing procedures
- **High potential unexploited**





## The Potential (1)

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- **Large Hydros**
  - Remaining potential with significant environmental and other technical problems, economics are not so favorable
- **Small Hydros**
  - Many sites with considerable exploitation opportunities
  - Environmental and local authority obstacles
- **Biomass use other than traditional**
  - CHP and modern generation units, landfill gas, agro-residuals
  - Applications based on energy plantations, biofuel competition
- **Wind of moderate to high regime**
  - Wind parks on mainland of various sizes
  - Off-shore wind parks in areas of high potential





## The Potential (2)

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- **Geothermal niche market**
  - Most of fields are of low and medium enthalpy
- **Solar technologies related to increase of wealth**
  - Photovoltaic applications are still of high investment cost
  - Niche market applications if significant supporting scheme is not in place





## The Financial Conditions

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- **Various funds available for financing, EBRD, EIB, KfW, etc**
  - In principle through local commercial banks
- **Specific programs of local banks**
  - Tight financial policies due to current economic situation
- **Possibility for CDM, JI, projects**
  - Carbon funds through various initiatives
  - EU ETS market of EUAs
- **Investor's capacity to use proper financing models and use own capital**
  - Need for adequate management to cope with financing of significant sizes of projects





## The Legal and Institutional Framework

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- **The broader electricity market framework is in compliance with the EU acquis**
- **Specific measures incorporating RES are poor or still missing**
  - Connection to the grid
  - Concessions and land use planning
  - Environmental impact assessment procedures
- **Tariff conditions are not properly defined**
  - Feed-in tariffs, green certificates, etc.
- **A series of accomplishing regulations are necessary**
  - Specific provisions for long-term stable conditions



### Areas of major problems for investors

- **Complexity of implementation that is not relaxed by existing procedures**
- **Poor preparation of projects to be tendered**
- **Various levels of public administration involved that are not coordinated**





## Concluding Remarks

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1. RES business is very **complicated** requiring a well organized and structured environment missing more or less from SEE
2. Need to **implement** international investment rules and furthermore supporting actions to overcome obstacles and **attract major market players** in RES
3. **Climate change** is a critical motivation reason to convince governments and consumers

**Significant issue of dialogue with business actors and authorities (ECRB included) towards shaping the basis of a broader SEE RES market**

- Harmonize the supporting schemes and the market conditions (?)**
- Cross-border SEE projects on RES (?)**

