4th South East Europe Energy Dialogue

Investment and Business Opportunities in Renewables Markets of SEE

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Thessaloniki, 3-4 June 2010



The General Background of RES Investments

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)

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)

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

 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



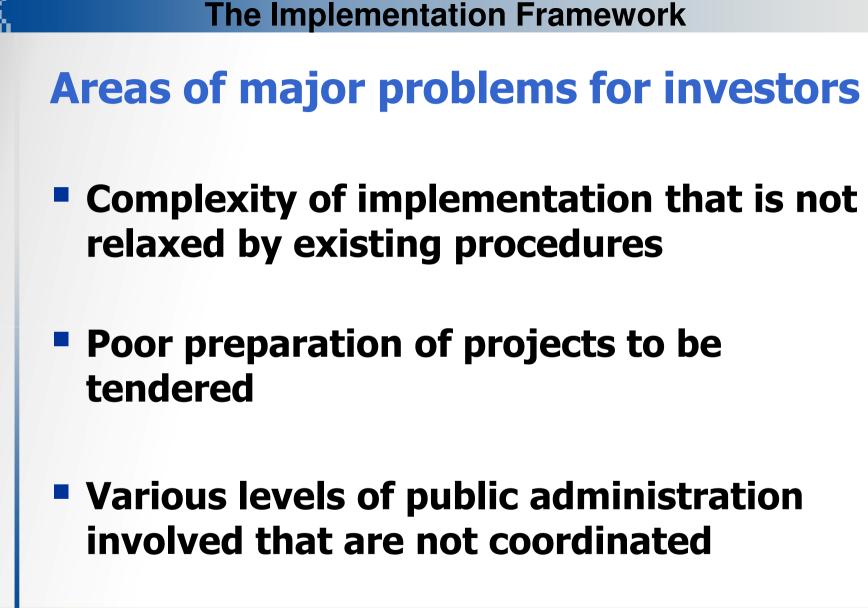
The Legal and Institutional Framework

- 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







"4th South East Europe Energy Dialogue"

Thessaloniki

2010,

June

3-4

IENE,

International Conference



Concluding Remarks

- 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 (?)



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