



SERBIAN WIND ENERGY ASSOCIATION

ENERGIJA VETRA

LARGE SCALE WIND PROJECTS IN SERBIA:
Regulatory Challenges and Future Prospects

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Opening Up the West Balkans Energy
Market

A One Day Workshop
Organized by IENE and AERS

WHAT IS SEWEA?

- THE SERBIAN WIND ENERGY ASSOCIATION – SEWEA WAS FOUNDED IN OCTOBER 2010
- MEMBERS OF SEWEA ARE INVESTORS, SERIOUS IN THEIR INTENTION TO BUILD THE FIRST WIND FARMS IN SERBIA, IN ACCORDANCE WITH THE EUROPEAN STANDARDS
- MEMBERS OF SEWEA WANT TO INVEST 1.5 BILLION EUROS IN THE NEXT FIVE YEARS AND TO BUILD WIND FARMS WITH AN INSTALLED CAPACITY OF 1000 MW
- SEWEA IS A MEMBER OF THE EUROPEAN WIND ENERGY ASSOCIATION (EWEA)

SEWEA WANTS TO SEE SERBIA IN THE COMMUNITY OF EUROPEAN COUNTRIES THAT ARE COMMITTED TO A RENEWABLE AND SUSTAINABLE ENERGY FUTURE

SEWEA'S MISSION

- TO COOPERATE WITH DECISION MAKERS AT NATIONAL AND LOCAL LEVELS, AND WITH ALL OTHER STAKEHOLDERS, TO DEVELOP A LEGAL AND REGULATORY ENVIRONMENT THAT SUPPORTS THE CONSTRUCTION OF WIND FARMS IN SERBIA
- TO INFORM AND EDUCATE WIDE PUBLICS ABOUT BENEFITS OF WIND ENERGY
- TO FACILITATE SERBIA'S EU INTEGRATIONS BY ACTIVELY CONTRIBUTING TO INCREASED PRODUCTION AND CONSUMPTION OF ENERGY FROM RENEWABLE ENERGY SOURCES

WIND ENERGY IN SERBIA

- RESULTS OF MANY STUDIES AND MEASURING CAMPAIGNS ON VARIOUS LOCATIONS SUGGEST THAT THE WIND IN SERBIA IS A GOOD RESOURCE FOR GENERATING ELECTRICITY
- SOUTH BANAT REGION, MOUNTAIN RANGES OF EASTERN SERBIA, THE VALLEY OF THE RIVERS DANUBE, SAVA AND MORAVA ARE THE APPROPRIATE LOCATIONS FOR CONSTRUCTING WIND FARMS IN SERBIA
- CURRENT GRID AND ELECTRICITY PRODUCTION STRUCTURE LIMIT MAX WIND POWER PENETRATION IN EXISTING POWER SYSTEM OF SERBIA TO APPROX. 1000 MW – WHICH TRANSLATES INTO 2.5 BILLION kWh OF ELECTRICITY PER YEAR

CURRENTLY THERE ARE NO WIND FARMS IN SERBIA. NOR

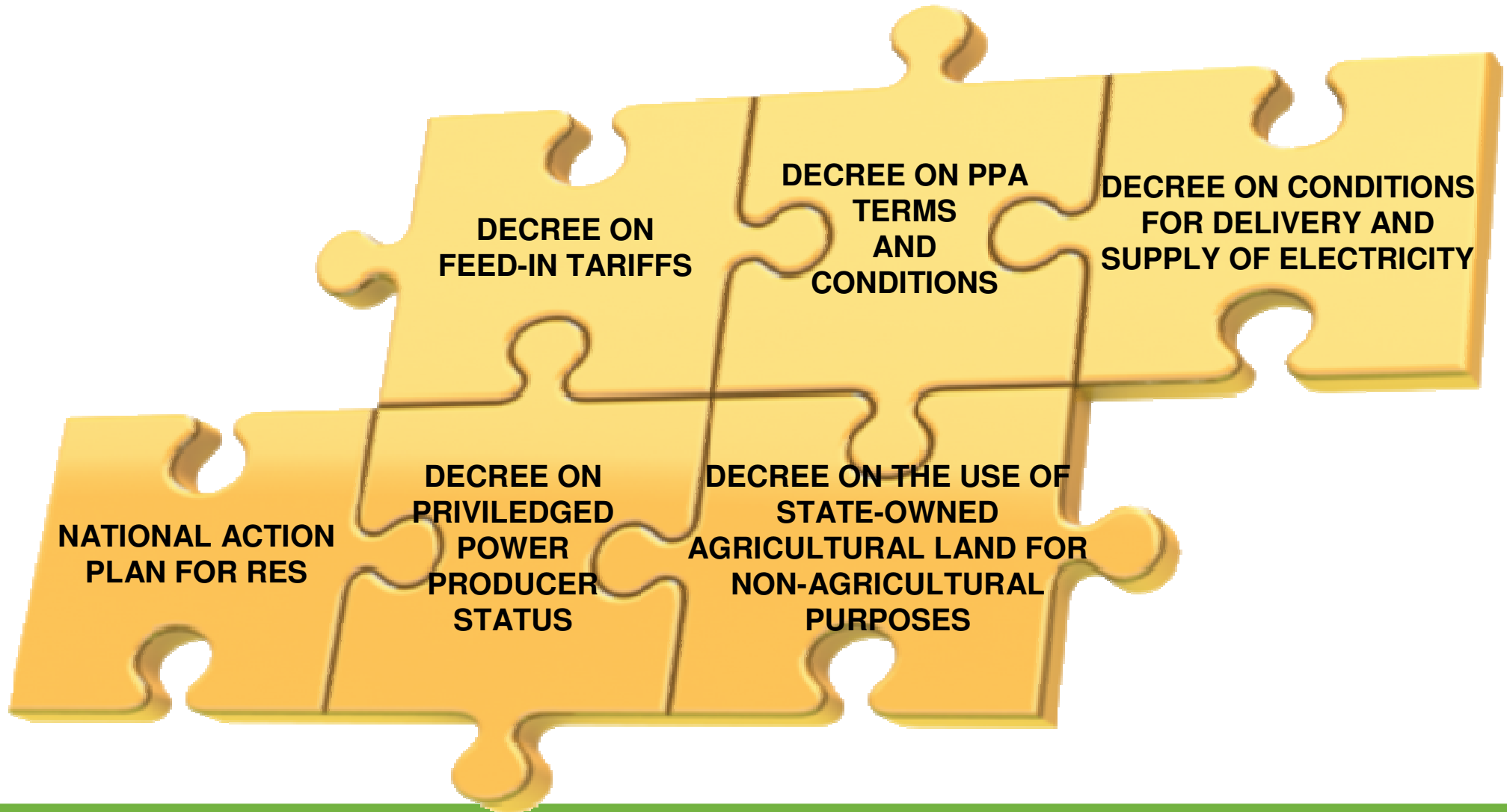
GENERAL REGULATORY FRAMEWORK

RELEVANT LAWS INFLUENCING WIND FARMS DEVELOPMENT:

- ENERGY LAW (adopted in July 2011)
 - Relevant by-laws pending
- LAW ON PLANNING AND CONSTRUCTION (adopted in April 2011)
- ENVIRONMENTAL PROTECTION LAW (adopted in May 2009)
- LAW ON AGRICULTURAL LAND (adopted in May 2009)
 - Relevant by-laws pending

NECESSARY BYLAWS GOVERNING THE IMPLEMENTATION OF
THE ENERGY LAW HAVE NOT YET BEEN ENACTED BY THE
GOVERNMENT WHICH MAKES THE LAW INAPPLICABLE AND
PREVENTS INVESTMENTS IN LARGE RES PROJECTS

REGULATORY PUZZLE: MISSING BYLAWS



OUTSTANDING ISSUES: FEED-IN TARIFF

- CURRENT DECREE ON FEED-IN TARIFF EXPIRES ON DEC 31ST 2012
- THE NEW DECREE WAS SUPPOSED TO BE ADOPTED BY DEC 8TH 2011, BUT IS STILL PENDING
- TARIFF INDEXATION TO EU INFLATION
- REGIME AFTER THE EXPIRATION OF THE FEED-IN TARIFF – GUARANTEED PURCHASE OF PRODUCED ELECTRICITY AT (NOT GUARANTEED) MARKET PRICE
- A 450 MW CAP TO BE RAISED CLOSER TO THE SYSTEM LIMITS

OUTSTANDING ISSUES: PPA

- CURRENT PPA NON APPLICABLE FOR FINANCING LARGE SCALE WIND PROJECTS
- SIGNING OF PREMILINARY PPA UPON OBTAINING THE PRELIMINARY PRIVILEGED PRODUCER STATUS (AFTER THE CONSTRUCTION PERMIT)
- DEEMED OUTPUT
- DECREE ON STATE GUARANTEES FOR THE PURCHASE OF ELECTRICITY FROM PRIVILEGED POWER PRODUCERS STILL PENDING (WAS SUPPOSED TO BE ADOPTED BY DEC 8TH 2011)

OUTSTANDING ISSUES: DECREE ON CONDITIONS FOR DELIVERY AND SUPPLY OF ELECTRICITY

- CURRENT DECREE NOT ALIGNED WITH THE ENERGY LAW (THE NEW DECREE WAS SUPPOSED TO BE ADOPTED BY DEC 8TH 2011 BUT IS STILL PENDING)
- NO NEW PRODUCTION FACILITY CAN BE CONNECTED TO THE SYSTEM UNDER CURRENT TERMS: BOTH ENERGY PERMIT AND ENERGY LICENCE REQUIRED FOR THE INTERCONNECTION APPROVAL/AGREEMENT
- EMS PLEDGED THAT THE GRID CONNECTION APPROVAL WILL BE SIGNED WITH INVESTORS AFTER THE LOCATIONS PERMIT

OUTSTANDING ISSUES: DECREE ON PRIVILEGED POWER PRODUCER STATUS

- CURRENT DECREE NOT ALIGNED WITH THE ENERGY LAW (THE NEW DECREE WAS SUPPOSED TO BE ADOPTED BY DEC 8TH 2011 BUT IS STILL PENDING)
- PRELIMINARY PRIVILEGED POWER PRODUCER STATUS TO BE OBTAINED AFTER THE CONSTRUCTION PERMIT
- AFTER OBTAINING THE PPP STATUS, INVESTORS HAVE 3 YEARS TO COMPLETE CONSTRUCTION AND CONNECT TO THE GRID IN ORDER TO EARN FULL PPP STATUS

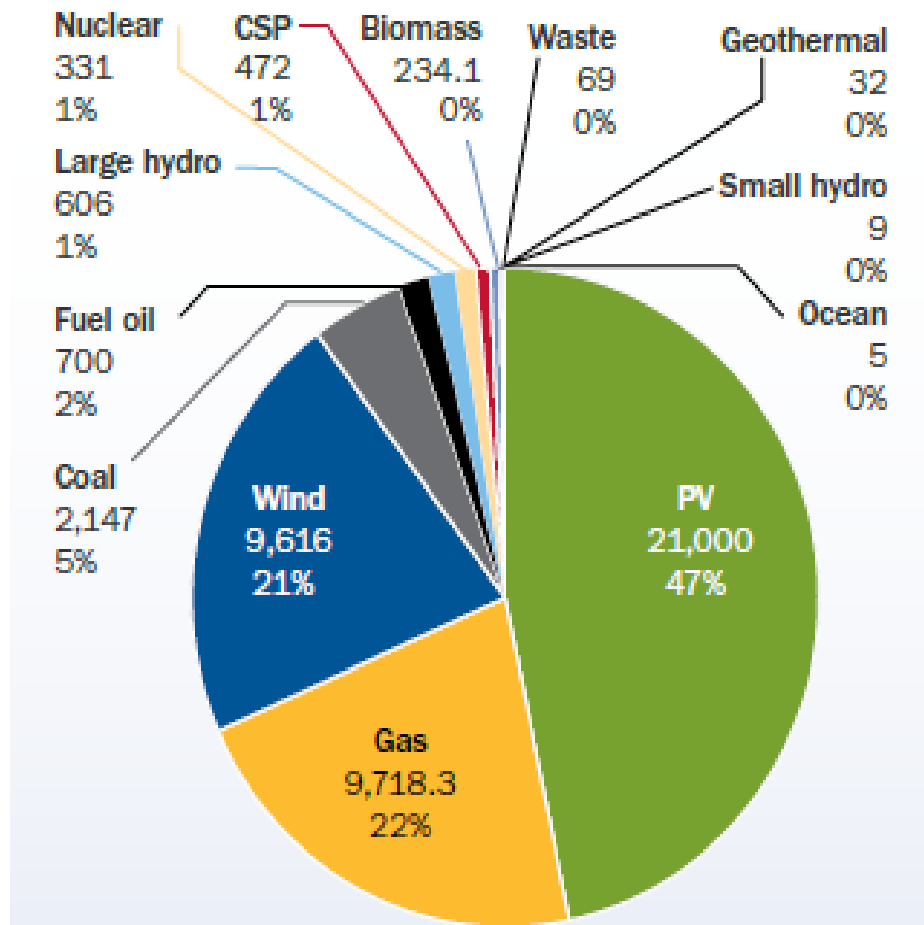
OUTSTANDING ISSUES: DECREE ON THE USE OF STATE-OWNED AGRICULTURAL LAND FOR THE NON- AGRICULTURAL PURPOSES

- DECREE WAS SUPPOSED TO BE ENACTED OVER TWO AND A HALF YEARS AGO BUT STILL PENDING
- THE LACK OF DECREE PREVENTS CONSTRUCTION OF WIND FARMS OR ANY OTHER RES PROJECTS ON THE STATE-OWNED AGRICULTURAL LAND
- IN ABSENCE OF THE DECREE, THE MINISTER OF AGRICULTURE CAN SIGN THE TRANSFERS OF PROPERTY RIGHTS OVER THE STATE-OWNED AGRICULTURAL LAND WHICH MAKES THE ENTIRE PROCESS ARBITRARY

LARGE SCALE WIND PROJECTS: FUTURE PROSPECTS FOR SERBIA

- IF ALL LEGISLATIVE ISSUES ARE SOLVED IN THE NEXT COUPLE OF MONTHS, THE CONSTRUCTION OF THE FIRST WIND FARMS IN SERBIA CAN START IN 2013/2014
- THE FIRST MWhs FROM WIND CAN REACH SERBIAN CONSUMERS IN 2014/2015
- 1000 MW OF WIND FARMS WOULD:
 - PRODUCE 2.5 BILLION kWh OF ELECTRICITY EACH YEAR
 - REDUCE CO2 EMISSIONS BY 2.75 MILLION TONS EACH YEAR

FUTURE PROSPECTS: TRENDS IN EU (1)



New installed capacities in 2011 in EU
(total 45,800 MW)

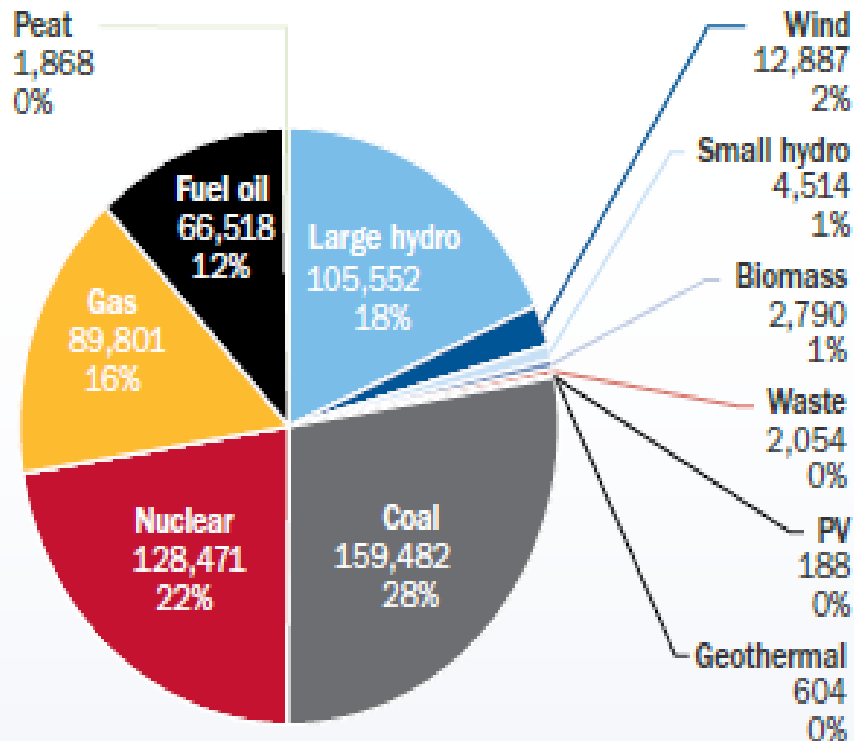
RES account to 71.3% of all new installed power capacities in EU in 2011.

Decommissioning of existing capacities in 2011 in EU:

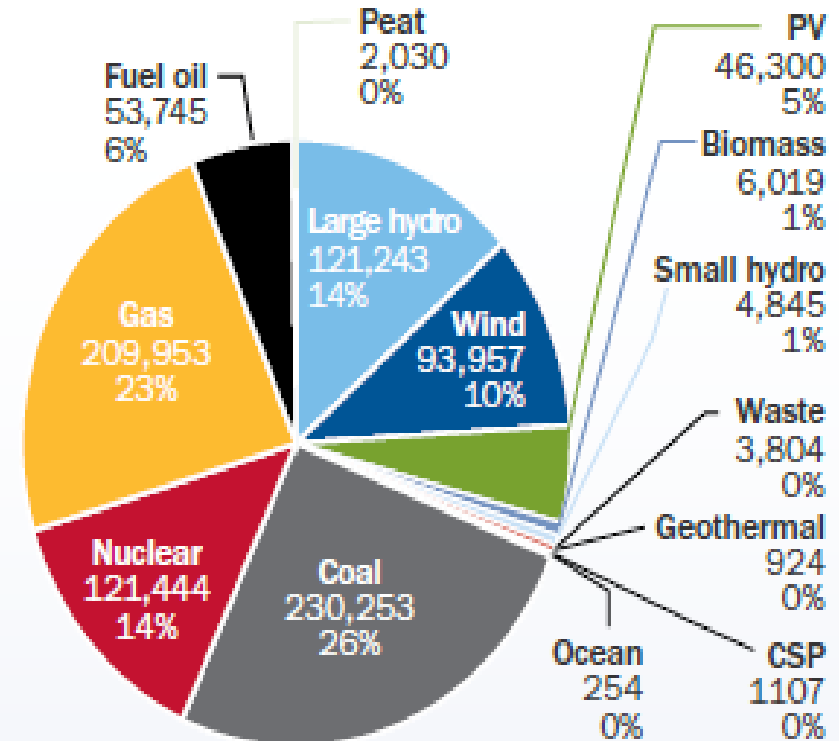
- 6.3 GW nuclear plants
- 1 GW fuel oil plants
- 934 MW gas-fired plants
- 840 MW thermo power plants

FUTURE PROSPECTS: TRENDS IN EU (2)

EU POWER CAPACITY MIX 2000



EU POWER CAPACITY MIX 2011



Change of EU power capacity mix (2000 – 2011)



SERBIAN WIND ENERGY ASSOCIATION



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