

Serbia: New energy law will improve PPA and enable loan bank guaranties to investors

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The passing of the new Energy Law, which was adopted on December 29, created the basic preconditions for the construction of large wind farms in Serbia. The law is a much better solution than the previous one because it eliminates all the obstacles to the realization of such investments. For the construction to be initiated, still needed is the adoption of by-laws, that will allow the investors to obtain bank loans.

By-laws should regulate the section related to the model of contract for the purchase of electricity. This is necessary to be done so that banks could obtain the guarantees for approval of loans. Namely, the solutions from previous Energy Law didn't provide sufficient guarantees to banks that they will be able to recover their money. By-laws that are going to be adopted satisfactorily regulate exactly this area. For investors like Continental Wind Serbia to initiate its investment, i.e. to build a wind farm in Kovin, it is necessary to wait for that legislation to be adopted. As soon as it is completed, CWP will be able to ask for a loan from banks and after preparations to start the construction as well.

Wind energy is also interesting to NIS Petrol and Energowind Company, because they formed a joint venture NIS Energowind in September 2013, announcing the construction of the wind farm "Plandište". In case the realization of this project happens as well, 300 people would be hired on the construction, the total built capacity would amount to 102 megawatts, and the value of the project would be 160 million euros.

When it comes to building wind farms of smaller capacity, those projects do not depend on large bank loans requiring guarantees, so some projects have already started. Thus, MK Fintel wind, a joint venture of MK Group and the Italian company Fintel energia S.P.A., started the construction of a wind farm near Kula, with 9.9 megawatts of power, whose completion is expected by the end of October. The company MK Fintel wind has invested around 15 million euros in the construction of the project of wind farm "Kula", whose construction will create conditions for opening of app. 50 new jobs in Serbia. The plant, consisting of three wind generators "Vestas", 178 meters high, will produce 27 million kilowatt hours of green power, which is sufficient for the needs of nearly 8,000 households. In addition to the wind farm in Kula, the construction of the second wind farm will soon begin in the vicinity of Vrsac, investments worth 11 million euros, which will supply green power to around 5,500 households.

- After several years of waiting the necessary licenses, we express satisfaction because this greenfield investment will finally be realized in Serbia. In the following period we are planning additional projects, and there are numerous foreign investors that are interested in making partnership with us - says Tiziano Giovanetti, CEO of Fintel Energia S.P.A. and MK Fintel wind, adding that the construction of the wind farm "Kula" is significant because it demonstrates that business operations in Serbia in new areas, such as green energy, are not only possible but can be successful as well.