

Serbia currently has about 400 MW of wind capacity installed, after the 69 MW Košava wind farm was commissioned at the end of September. This is Fintel Energy's third and largest wind farm, with an investment value of EUR 118 million. The company also owns the 9.9 MW Kula wind farm, which is also the first in the country, together with the 6.6 MW La Piccolina.

In addition, Fintel has several other projects in various stages of development. The most significant is the Maestrale Ring, which will be the largest wind farm in Europe with a capacity of 600 MW.

Serbia, according to the Minister of Energy, Mr. Aleksandar Antic, with 370 MW of grid capacity in wind, in 2018 and 2019, is the absolute number one in the region.

It also means that we are approaching the target of 500 MW of subsidized wind power over a 12-year guaranteed period.

In addition to MK Fintel Wind, the Belgian company Elicio (Malibunar, 8 MW and Alibunar, 42 MW) and the Israeli Enlight Renewable Energy (owner of the largest wind farm in Serbia, Kovačica, 104.5 MW) are present in the Serbian wind energy market. Also, Tesla Wind, a joint venture between Masdar of Abu Dhabi, Finland's Taaleri Energia and Germany's DEG, is building a wind farm in Čibuk, 158 MW, which is expected to be operational by the end of the year.

MET Renewables and NIS, majority-owned by Russia's Gazprom, have begun joint work on the 102 MW Plandište wind farm project, which should be commissioned by 2021.

Electric Power Industry of Serbia is implementing a 66 MW wind farm project in Kostolac.

Who is paying for the wind kilowatts

Subsidies for wind power generation, as well as in other renewable energy plants, have been secured by acquiring the privileged power producer status.

Incentives to renewable energy producers are paid in the form of feed-in tariffs, or guaranteed purchase prices.

These premiums are subsidized by all electricity consumers through their monthly bills. This means that money for the purchase of electricity from these producers is provided by the end customers, by paying a fee that is separately shown and paid with a monthly electricity bill. The level of remuneration is determined annually on the basis of the Government Regulation.

In 2019, this fee remained at the same level as in previous years, equalling RSD 0.093 per kilowatt-hour consumed.

The feed-in tariff for wind energy is 9.2 euro cents per kilowatt-hour produced. This means that the guaranteed purchase price of one megawatt-hour of 92 euros over a 12-year period is twice the price at which EPS normally supplies electricity.

A quota of 500 MW to get incentives by 2020 for wind farms has been reserved as early as 2016, so there are no new projects since then.

Total incentives for renewable energy in 2018 amounted to EUR 52.7 million, of which the largest percentage was obtained by hydroelectric power plants, as much as 47.4%, followed by solar energy, with 30.2%, while wind energy has a share of 18.1%. Biogas comes forth, with 4.3%.

Thus, incentives for wind farms reached EUR 9.54 million last year.

Good opportunity for investors

According to the 2018 financial report of Fintel Energija, consisting of MK Fintel Wind, owner of the Košava wind farm, and MK Fintel Wind Holding, owner of Kula and La Piccolina wind farms, the total revenues of the company amounted to RSD 450.3 million (EUR 52.8 million), while the net profit is RSD 75 million (EUR 8.72 million).

It is worth noting that these results were obtained prior to commissioning of the largest wind farm owned by the group, Košava, 69 MW, but also that the purchase of the generated electricity under a preferential price is guaranteed for a period of 12 years.

Considering that the value of investing in Kula and La Piccolina wind farms is EUR 15 and 10 million, it is clear that the return on investment will be secured in record time, followed by a multimillion profit.

The total investment of the company in the three wind farms amounts to EUR 143 million.

First wind energy auctions

The renewable energy sector should soon see key changes, which have already been delayed. Specifically, the old incentives regulation has been extended until the end of 2019, and the next step should be the transition from the outdated feed-in premium model to the auction model, which means that the developer offering the lowest price will get a building permit.

Although it was previously announced that the first wind energy auctions will be held in the second half of 2019, it is quite certain that this will not happen, as no accompanying regulation has been adopted. Also, the price of wind energy is very high, while citizens in Serbia pay the lowest price of electricity in Europe, which is therefore not competitive.