

The construction of the first big wind park in Serbia is again postponed. This time the reason is a model contract for electricity purchase from renewable sources which the Ministry of Energy issued in July, and with which investors are not satisfied. In fact, according to investors, the problem is that banks cannot provide loan and they risk from 50 to 200 MEUR per project based on the current model of that document.

- In May and June, several investors, members of Serbian Wind Energy Association (SEWEA) were near to the process completion of getting construction permits, and there was no obstacle in starting the wind parks construction at the end of this year or at the beginning of the next year. However, the Ministry adopted a model contract for electricity purchase in July in a form that is acceptable to banks, which means that investors are not able to close their projects financing. These projects are funded with 30% from the equity capital while 70% of the funds come from loans that give the international financial institutions and commercial banks. If the banks say they cannot provide credit on the basis of the model contract which is approved by the Ministry, we cannot build stated from SEWEA.

Although after the Regulation adoption for the privileged electricity producers the investors announced the start of first wind park construction for the end of 2013, in the SEWEA say that all investors are equally far from the construction start.

- We highly completed our part of the work, we have construction permits and we are ready to start building as soon as the banks would be ready. So far, the investors that make SEWEA invested a total of nearly 20 MEUR in Serbia, but this is the moment when the investment stop until a solution for the contract for electricity purchase would be found- say in SEWEA.

On the other hand, in the Ministry of Energy say they secured all regulatory and institutional preconditions for the realization of investments in renewable energy sources.

-The realization of several wind parks projects is underway. One, of the smaller capacity was already built, for six wind parks it was provided a temporary status, and 11 have a valid energy permit. The limit is set at 500 megawatts, and the mutual competition in the speed and quality of project implementation will exist - tell us in the Ministry.

The investors distrust

In the Serbian Wind Energy Association indicate that the stability and predictability are the two key elements that are missing in the energy sector of Serbia.

The investors indicate that they are often faced with unexpected and significant changes of the business environment which result in worsening of investment conditions.

- We hear the announcements of the new amendments to the Law on Energy - which means that in just eight months, one of the key strategic and important laws such as the Law on Energy would be changed twice. The deadline for our projects construction was reduced from three to two years in December 2012. Also, after this period if we have not finish the

construction of the power plant and connect to the network we lose the temporary status of privileged electricity producer, bank guarantee of 2% of the total investment (which are millions of EUR) and place in a limited quota of 500 megawatts, namely we lose the entire investment - say in SEWEA.

In that association said that the Ministry of Energy and “Serbian Transmission System” (EMS) in July informed SEWEA the EMS will be responsible for the ports construction or terminal lines.

- It means that we have absolutely no control over costs, which we pay, or over deadlines within which the connecting trunk construction will be complete and easily can happen to us that at the end the entire investment fails because EMS is not able to build a connection in due time - indicate the SEWEA.

Source; Serbia Energy/SEWEA/MERZ