

Renewable energy report Romania future events and summary of the year 2013

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Chamber news:

I wish to give my best wishes for 2014 and hope that we will see some investments in the year 2014 in Romania. For investments in renewable energy the timing is now and not the next year as in the real estate business. Speed is the name of the game. I know that it is difficult to decide but the opportunity is there and those that take it will make the money.

Freddy M.E. Jacobs, president, Belgian Romanian Real Estate Chamber

1. Opportunities and projects renewable energy Romania

Ready to build projects:

20131002 Covasna county: 2.9 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Covasna County

Land: superficies agreement

Type: ground base

Surface: 7.6 ha

Installed power: 2.9 Mw

Output power: 2900 kW

Stage: fully permitted, ready to construct

20131007 Arges county: 2.2 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Arges County

Land: sales agreement

Type: ground base

Surface: 39.3 ha

Installed power: 2.2 Mw

Output power: 2000 kW

Stage: fully permitted, ready to construct

20131008 Arges county: 0.99 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Arges County

Land: superficies agreement

Type: ground base

Surface: 5.26 ha

Installed power: 0.99 Mw

Output power: 990 kW

Stage: fully permitted, ready to construct

20131009 Arges county: 2.2 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Arges County

Land: sales agreement

Type: ground base

Surface: 5.7 ha

Installed power: 2.2 Mw

Output power: 1980 kW

Stage: fully permitted, ready to construct

20131010 Arges county: 2.5 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Arges County

Land: sales agreement

Type: ground base

Surface: 4.0 ha

Installed power: 2.5 Mw

Output power: 2300 kW

Stage: fully permitted, ready to construct

20131125 Arges county: 2.75 MW

The project is made for building a photovoltaic park, producing energy and connecting with the National Energy System.

Location: Arges County

Land: sales agreement

Type: ground base

Surface: 5.5 ha

Installed power: 2.75 Mw

Output power: 2470 kW

Stage: fully permitted, ready to construct

Turn key projects:

We have 3 turn key solar plants for sale in Romania in Constanta county.

1 PV plant of 4.5 MW*

We are looking for funds or other investors to buy them (Alt - Energy funds, Energy Funds, Pension Funds, etc...private investors with own equity). They are compliant with the EU and Romanian regulations in place. The solar plants are delivered by an asset deal (sharedeal) in Q4 of 2013

depending on the project execution (ongoing). They are located beside the Romanian Coast line at the Black Sea. We ask that only serious investors react. We only deal directly with the investors.

2. Feed in tariff of 186 - 200 euro/MW coming soon

Under the slogan “Meet the PV Market!” the event organized under the auspices of RPIA – Romanian Photovoltaic Industry Association, by Govnet Conferences, has brought together the most important players that are active in the solar market, also companies from complementary spheres and authorities alike.

The Summit has tested the current status of the Romanian photovoltaic market, the discussions reaching topics of great importance for all the factors involved in the development of these projects, from which can be mentioned also the information regarding the feed-in tariff dedicated to the photovoltaic plants that are under 1 MW, which is considered essential for development in this area.

After several postponing, the decision of the National Agency for Energy Regulation – ANRE regarding the introduction of the Feed-in tariff for installations below 1 MW as an alternative to the current supporting scheme that includes green certificates, could arise in short time.

The Feed-in tariff could be between 186-200 Euro/MW (according to an unofficial calculation), and starting with 2014, the new taxation of 1.5% will be applied to the photovoltaic projects also, as these are being considered special constructions.

Zsoltan Nagy, member of the ANRE board, has declared that after the previous discussions regarding the feed-in tariff, he hopes that the long-awaited decision to be taken until the end of November 2013. It is possible that the value of this rate to overcome the cumulated value of three green certificates to which is being added the price of the energy. Thus, once the feed-in tariff is regulated, the beneficiaries could obtain for each Megawatt over 186 euros. Although, until the actual entry into force, several months will pass, Nagy estimating that the necessary approval, coming from the European Commission, could come only in March-April 2014.

Besides this good news, that it is expected will spur the development of the photovoltaic sector, especially in the area of rooftop solar installations, a less good news has come from the Ministry of Finance. According to Remus Vulpesu, Director of Cabinet of the Ministry of Finance, the new taxation of 1.5% for special construction will enter into force starting with 2014 and will affect photovoltaic plants also.

During the Summit, there have been brought into discussion the current challenges that the photovoltaic sector is facing, tax and legislative issues, solutions to the funding issue that most developers encounter, but also the opportunities that Romania has to offer.

3. Major deals for the year 2013

Romania's market for mergers & acquisitions (M&A) has remained at around EUR 1 billion in 2013, driven by deals in the banking and renewable sector, although big investors have held back and are carefully planning moves for next year, say deal makers.

French Ecosun Expert, opened capital on a 2.5MW solar installation in Brasov County.

Enel Green Power buys Elcomex Solar Energy

Value of transaction: Not made public

Enel Green Power Romania, the renewable arm of Italian utility Enel, fully acquired Romanian Elcomex Solar Energy, which is developing a 9.5MW solar project.

Enel Green Power Romania buys 5MW solar project

Value of transaction: Not made public

Enel Green Power Romania, the renewable arm of Italian utility Enel, bought a photovoltaic project with a capacity up to 5Mw from several Cyprus-based companies. Enel was operating 36MW of solar capacities in Romania by early December 2013.

Astronergy snaps up 6MW solar farm in Romania

Value of transaction: Not made public

Astronergy Solar Netherlands, part of China's Chint group, entered the Romanian renewable sector after acquiring a solar park. The company took over a solar farm with an installed capacity of 5.98MW developed by ACV Solar Technology in Cluj County.

Est Solar Engineering sets up joint venture with Pressburg Partners for solar investments

Value of transaction: EUR 30 million

The owners of Est Solar Engineering, a Romanian provider of renewable energy equipment, set up a joint venture with Austria-based Pressburg Partners, an investment fund specialized in the renewable sector, for the development of two solar installations with a total capacity of 20 MW in south-eastern Romania.

Olredo Holding acquires shares in Olerom Enalfa

Value of transaction: EUR 2.2 million

Austria's Olredo Holding, through its Timisoara-based Olredo Rom, purchased all shares held in Olerom Enalfa by Constructim (a developer of several renewable projects in the field of small hydro and solar) and Lucian Eugen Perescu. Olerom Enalfa had previously acquired the ownership rights at a solar farm developed by Constructim.

Lukerg purchases 70MW wind farm from Vestas

Value of transaction: around EUR 137.5 million

Denmark's Vestas, the wind turbine maker, has sold its Romanian wind project Gebeleisis, with an installed capacity of 70MW, along with a smaller wind farm of 14MW in Bulgaria, to Lukerg Renew. Lukerg is a joint venture between Russia's oil major Lukoil and Italy's energy company ERG. The company made its first acquisitions in 2012, when it purchased two wind projects with a combined capacity of 192MW in Romania.

Energren Investment Europe makes local solar acquisitions

Value of transaction: Not made public

Luxembourg-based investment fund Energren Investment has acquired a 17MW photovoltaic park in central Romania. Energren has projects in Italy and Romania, but is also targeting the US, South America and Asia. The company operates some 20MW of photovoltaic parks in Italy.

Samsung C&T Corporation buys photovoltaic park

Value of transaction: Not made public

Samsung C&T Corporation and Samsung C&T Deutschland acquired a 45MW solar project in southern Romania and completed the solar installation following a EUR 100 million investment.

Eximprod Group sells 75MW of solar plants

Value of transaction: Not made public

Romania's Eximprod Group, a producer and distributor of power equipment, sold several photovoltaic projects with a combined capacity of 75MW to various investors in the field.

Mineral Oil buys small hydro plants from Hidroelectrica

Value of transaction: Not made public

Romania's Hidroelectrica, the state-owned hydroelectricity producer, raised EUR 10.6 million from selling 14 small hydro power plants with a combined installed capacity of 9.4MW. Italian company Basikdue snapped up four plants, while Romania-based Mineral Oil and Three Pharm acquired three and seven plants, respectively.

Aquaenergy gains control of Safoma Energy

Value of transaction: Not made public

Aquaenergy, an energy company based in the Czech Republic which focuses on the construction and operation of small hydro power plants, took over local firm Safoma Energy to develop hydro power projects in northern Romania.

Strub and Finath acquire local solar project

Value of transaction: Not made public

Strub, a French company specialized, among other areas, in the sale of electricity and development of renewable projects, and Finath, a French company active in the production and sale of solar energy, acquired a solar project in Romania. Strub also owns Voltec, a producer of solar panels.

4. 2013 in review for renewable energy

This year has seen a dramatic expansion of solar installations, while wind capacities have increased at a moderate pace. The government has deferred the issuance of some green certificates through to early 2014, and incentives for new projects coming online in 2014 will be reduced as authorities want to limit the impact of subsidies on the bills of households and industry.

The installed capacities in photovoltaic projects have soared from 49MW at the end of 2012 to 543MW by September 2013, according to grid operator Transelectrica. Investors have flocked into solar this year to benefit from the six green certificates granted for each megawatt that these projects feed into the grid.

Wind capacities have continued to grow from 1,822MW at the end of 2012 to 2,283MW by September 2013, according to Transelectrica.

In the face of rising electricity bills due to renewable incentives, the government enforced this July a government ordinance deferring the issue of some green certificates for wind, solar and small-hydro through to April 2017. The additional certificates should be recovered by 2020.

Solar has been the star of the renewable market on deal making. Foreign companies of the likes of Samsung or Enel have been active buyers of Romanian photovoltaic projects.

The energy regulator ANRE is currently working on a feed-in tariff for renewable sources, as an alternative to the green certificates support system. Specific legislation should be rolled out in the first half of 2014.

Grid investments have remained limited this year and Transelectrica says it needs around EUR 500 million to strengthen the grid and build new power lines. New transport lines are of utmost necessity in the Dobrogea region, where the biggest share of wind projects are operational, according to experts. The grid operator has taken the first step in finding new financing sources, which will also be funneled towards new investments, by raising EUR 45 million in a bond sale in December. The company aims to raise around EUR 200 million through bond sales in the coming period.

As the government plans to cut renewable incentives for new solar, wind and small hydro projects becoming operational from 2014, experts predicts we could see more investments in the biomass sector, which has remained largely underdeveloped. According to Transelectrica data, biomass capacities have slightly increased from around 40MW at the end of 2012 to little over 50MW by September 2013. Players say this technology should expand in the years to come, primarily due to Romania's impressive agricultural potential.

The weighted average price of a traded green certificates has fallen from RON 246 (December 2012 – February 2013) to RON 187 (September – November 2013), according to data from energy stock exchange OPCOM.

The EU and China reached a deal this summer over the trade of solar panels. This involved the set up of a threshold of 7GW worth of solar imports from China yearly, with anything above this level facing an anti-dumping tax averaging at 47.6 percent.

5. Incubation activities of the chamber for your energy projects

Our business incubators serve as a launching pad for young and small businesses. Start-ups, which are dynamic entities need support and our incubators are providing this support. We build your business on a tailor made time frame with little or a lot of involvement from our expert teams. If required we will do the entire start-up phase for you and then teach you how to run the business and keep supporting you in the next phases of your growth cycle.

Our business incubation provide SMEs and start-ups with the “nurturing” environment needed to develop and grow their businesses. We offer everything from virtual support, rent-a-desk, secretary support through “plug & play” tailor build companies and projects and everything in between for different sectors. One of the focused domains is the renewable energy market.

We offer hands on intensive business support, access to finance and experts and to other entrepreneurs and suppliers to really make your businesses and company grow.

We provides a nurturing, instructive and supportive environment for entrepreneurs during the critical stages of starting up a new business. The goal of our business incubators is to increase the chance that

a start-up will succeed, and shorten the time and reduce the cost of establishing and growing its business.

6. Market intelligence: news on wind energy solar energy in Romania and other renewable energy projects in Romania

Tinmar refinances EUR 10 mln debt in solar park

Romania's Tinmar, an electricity trader and supplier, sealed a refinancing deal with GarantiBank for a solar farm in southern Romania.

The lender, part of Turkiye Garanti Bankasi, granted EUR 10.35 million to the trader for a 10MW solar installation in Giurgiu Country, which is part of an 18.5MW solar farm that became operational this summer.

“In the first nine months of 2013, we offered lending exceeding EUR 50 million to corporate customers for green energy projects”, stated Cagri Memisoglu, the bank's deputy general manager.

The loan refinances 70 percent of the overall investment worth EUR 15 million and has a maturity close to 10 years.

Adrian Pavelescu, director of the renewable energy division at Tinmar Group, commented the company currently has 50MW in solar and is looking to make new acquisitions.

Railway Bank finances a photovoltaic park near Bucharest, on the A1

Deal Properties investment, took its name not from the English "deal" but from Bolintin Deal, the village located in the kilometer 26 on highway A1 and where they will construct a photovoltaic park with over 4,000 solar panels. For partial refinancing of the investment firm called Commercial Bank railway and CEC bank, the only two remaining private banks on locally market with Romanian majority capital. NQE Holdings, a company controlled by two companies registered in Cyprus and traded at Bucharest Stock Exchange, have the priority on the agenda at AGEA a guarantee for a loan of Deal Properties (a fideiusiune). The fideiusiune apply funding that will provide Railway Bank for photovoltaic park near Bucharest, in the logistics centers. The principal will be 800,000 euros and the interest rate will be variable: base rate Euribor 3M and binding margin of 7.5 pa The repayment period of the loan is 120 months. Purpose of the loan is part of the solar park refinancing and repayment of a loan granted by NQEH to Deal Properties. The park is in the built-up area Bolintin Deal and has a total area of 24 762 square meters (about 2.5 acres), consisting of two lands combined. The land is owned by Deal Properties and has a open frontage of about 100 m at A1 highway. Form field allows the installation of about 4,444 solar panels, which would have an installed capacity of 1,090 kWp (1.09 MWp). Railway Bank is headed by businessman Valer Blidar and the shareholders are workshops CFR Grivița, Astra Passenger Coaches and SC Tristar, the last two are controlled by Valer Blidar also, he is the one who founded the bank four years ago.

Capacity of energy production from renewable sources was at the end of October, the 3,670 MW

Capacity of energy production from renewable sources was at the end of October, the 3,670 MW, 60% higher than it was at the beginning of this year, when the system appeared 2,334 MW, according to Transelectrica. The greatest advance its had photovoltaic panels, which reached 656 MW, compared to only 49 MW at the beginning of this year. And the wind was also a big jump to 2,459 MW from 1,800 MW in January. There are in operation 501 MW small hydro and biomass power plants of 53 MW. In 2013 the capacity installed was a record, as it is the last year when green energy producers also benefit from the support scheme in its current form. Subsidies to producers of renewable energy in the form of green certificates will be reduced sharply from next year, said the Minister for Energy, Constantin Nita, earlier this month. "We will reduce next year subsidies for renewable energy. We prepared a draft law regarding of this ", said Nita.

Lukoil secures permit for solar investment in Romania

Lukoil Energy&Gas Romania, a subsidiary of Russian oil major Lukoil, was awarded a permit by energy regulator ANRE to build a solar installation locally, reports Mediafax newswire. The ANRE awarded a building license for the solar farm at the Petrotel-Lukoil refinery in Ploiesti, southern Romania. This would mark a further expansion of Lukoil in the electricity generation segment, after it has made several acquisitions of local wind projects in the past two years. Lukerg Renew, a joint venture between Lukoil and Italian energy company ERG, purchased last year a 70MW wind farm from Vestas, in a deal worth EUR 137.5 million. The joint venture made its first acquisitions in 2012, after acquiring two wind projects with a combined capacity of 192MW in Romania. The core business of the company remains the production and distribution of fuels. Lukoil controls in Romania a network of over 300 retail fuel stations. Lukoil representatives hinted in late 2013 that the company aimed to build solar installations with capacities up to 12 MW near its Ploiesti-based plant. According to Transelectrica, Romania reached 543MW of incentivized solar capacities by September 2013, roughly one quarter of total wind installations. The oil major reported last year a turnover of EUR 1.35 billion in Romania.

China's Unisun puts online three solar farms in Romania

Unisun, the solar developer part of Wuxi Guolian Development Group, announced on Tuesday it started operating three solar installations with a combined capacity of 19.59MW. One of the farms is located in Cluj County and has a 5.98MW capacity, while the other two were built in Brasov County, with capacities of 6.4MW and 7.14MW, respectively. The company said the local farms should generate yearly revenues up to EUR 8 million from the sale of electricity and green certificates. In addition, the farms should cover the electricity consumption of 14,000 households. Under Romanian regulation, the operational solar farms receive four green certificates for each MW they feed into the grid, while two are deferred by April 2017. Unisun and Zhejiang International Trade New Energy Investment co-invested in the local solar capacities. The German division of Unisun serves as EPC contractors, while the Romanian arm handles the sales of green certificates, operations and maintenance. Romania reached 543MW worth of incentivized solar capacities by September 2013, according to grid operator Transelectrica.

Romania's president asks for re-examination of bill deferring green certificates

Romanian President Traian Basescu asked the Parliament to re-examine the law approving the government emergency ordinance no.57/2013, which defers some green certificates for renewable producers, claiming the European Commission, the executive arm of the EU, was not prenotified regarding the legal changes. The government's decision to defer the issue of some green certificates for small hydro, wind and solar capacities came as a shock for the renewable sector. Players claimed this decision, which was enforced starting July 2013, would create serious gaps in the projected revenues of renewable projects. Authorities delayed the issue of one green certificate for wind, two in solar and one in small hydro capacities, which should be recovered in the 2017-2020 period. "The approval of the GEO no. 57/2013, until the fulfillment of obligation in the Treaty regarding the functioning of the EU is inopportune and exposes Romania to a set of prior complaints for violation of the constituent treaties of the EU," said the presidency in a statement. The presidency added the European Commission submitted two letters on June 24 and October 3 to the government, saying that any changes in the renewable legal framework has to be prenotified to the EU, prior to approval. Czech utility CEZ has complained to the EC this August, following the delay in paying green energy subsidies, along with other players, according to Reuters newswire. CEZ could lose up to EUR 66 million yearly because of the government's decision. The company has its largest onshore wind farm of 600MW in the Dobrogea region. Romanian Prime Minister Victor Ponta claimed on numerous occasions that Romania can not afford a generous support scheme for renewable projects, claiming it would only increase the electricity bills of households and big industry. At present, Romania has close to 3,000MW of incentivized renewable capacities in operation, according to grid operator Transelectrica. Most of the investments were made in wind and solar installations. The renewable sector generated the largest influx of foreign investments in the past few years, driven by foreign companies of the likes of Austria's Verbund or Italy's Enel.

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