

03 INTERVIEW

SRB New 170 MW installed power from ElectraWinds projects in Serbia: Exclusive interview with Kurt Derieuw, country manager of ElectraWinds Serbia



ElectraWinds is a Belgian company that operates strictly in the renewable energy sector. The company was founded in 1998, and ever since has deployed its network not only in Europe, but also in Africa. Active in 11 countries – Belgium, France, Poland, Bulgaria, Romania, Serbia, Italy, Ireland, Netherlands, Kenya, South Africa – ElectraWinds operates wind farms, solar farms, biomass farms with solid parts and liquid parts, and also explores other forms of alternative, renewable energy. Production and processing of biofuel and liquid parts puts ElectraWinds on the world map as one of the major players in this field. The core of the company's activity is in wind energy, which it demonstrated by recently selling its solar farms in Belgium in order to focus on the core – the wind. Market Player spoke to Mr Kurt Derieuw, country manager of ElectraWinds Serbia, about Serbia's and the region's potential in renewable energy.

270 million euros worth of investments in wind projects in Serbia

Market Player: How long has the company operated in Serbia? Why did you choose this market?

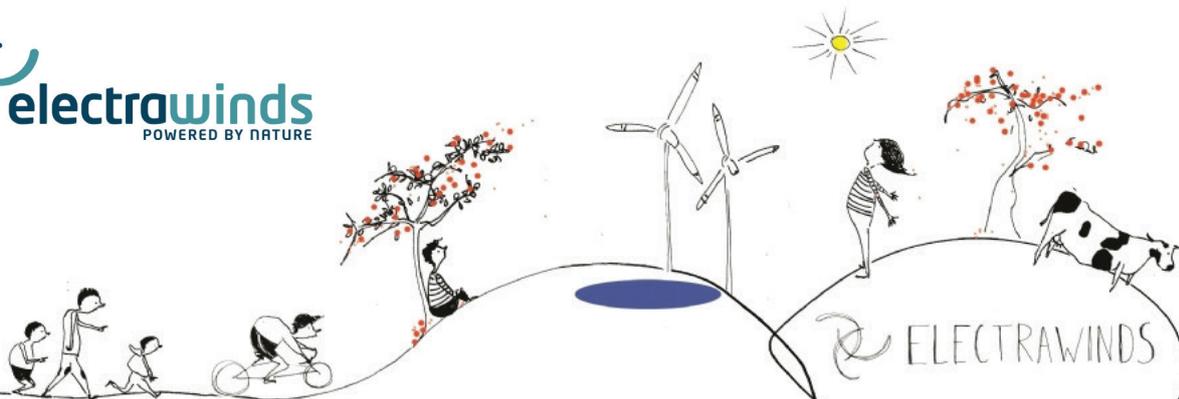
Kurt Derieuw: We started working in Serbia five years ago with the development of a rendering facility. We usually enter a country's market with wind energy, because for us this is the easiest solution – to develop a project and enter the market, and to get familiar with country's legislation. But in Serbia, we did it the other way around, because most of our interest was in animal waste. However, we also saw that Serbia had no operational wind farms yet, so we started almost simultaneously with wind development. We have one operational factory – the animal waste rendering facility – and we are developing the wind farms.

Market Player: What projects are currently active in Serbia?

Kurt Derieuw: We have four active projects - Energo Zelena and three wind projects. We are working on two wind projects in the municipality of Alibunar. One is completely permitted and the other one is about to be fully permitted. The third project is a wind farm in Kovacica, which is well into the development phase and it should be one of the largest in Serbia with the most power produced. These projects required strategic planning, because Serbian legislation distinguishes between wind farms that produce above and below 10 MW. This is why we developed a small wind farm of 8 MW – Malibunar – just to test the legislative procedures and development speed. The second farm in Alibunar is bigger – above 10 MW.

Market Player: What can you tell us about these three wind project? Power they'll produce, building dates, value of the projects?

Kurt Derieuw: Wind park Malibunar is fully permitted at 8 MW. It will have four turbines and we plan to start working on the site in 2014. The required investment is 16 million euros. The other park, Albunar, will have larger installed power of 42 MW, 21 turbines and 80 million euros should be invested by 2014, when we will start building the park. Koviaticica wind park is an ambitious project with 120 MW of installed power capacity, 38 turbines and it requires an investment of 170 million euros. If all permits are obtained, we will start working on the site in 2015. We are currently working on financing for the fully permitted project in the municipality of Alibunar. Energy, building and location licences for the project have been obtained, but our status as a privileged producer needs to be negotiated with the government in order to access the network. No one has that established yet, and without it, financial procurement can't be fully accomplished. An estimated 1,5 to 2 million euros



will be spent per installed MW, 4 million per turbine, with the overall required investment for these three projects at about 270 million euros.

Market Player: Is the Serbian market and law framework friendly towards renewable energy? What is the main difference between the local market and the markets of western EU countries?

Kurt Derieuw: Overall impression is good. Every country has its own regulations that a company needs to meet. But it is much different from the Western countries, where it is easier to develop projects because everything is clear. In Serbia, some laws are changing while we plan, so we need to adopt the changes. It's not predictable enough. Simple example: in Western Europe, wind turbine is seen as a part of the equipment and it is certified by the producer as equipment, but here it is considered a building, since it is more than 50 m tall, so it needs to be certified as construction, and that is followed by additional regulations we need to meet, like firefighting rules.

Serbia obliged to participate in 20-20-20 EC strategy, so now they need to achieve a goal of 27% energy from renewables. But my impression is that Serbia doesn't rely much on renewable energy, because of its hydro potential. But since production from hydro is not enough to reach that target, alternative sources also need to be put into play.

Market Player: Do you have any plans for further investments in wind projects in Serbia?

Kurt Derieuw: Since the target for wind is 500 MW until 2020, we will not develop new projects in Serbia until the government increases the cap. The study showed that Serbia can provide 1000 MW of wind power, so if the government sets a higher target, we will develop new projects.

Market Player: What is Serbia's potential in renewable energy, especially compared to neighbouring countries Bulgaria and Romania, the markets in which ElectraWinds operate?

Kurt Derieuw: Serbia is a county with huge potential, not only in wind, but in renewable energy in total. There is wood biomass, household waste, animal waste – it can all be used to produce energy. Serbia is surrounded by countries that have a lot of operational wind farms – Croatia, Hungary, Romania, Bulgaria, and Montenegro. But there are no wind farms operational here. We have operational wind farms and solar farms in Bulgaria and Romania, and we develop some projects in the Romanian market. We can't compare Serbia to Romania because Romania is bigger and has bigger wind regions, while Serbia is small; but we shouldn't ignore the fact that it has a small region where the wind is good. While Romania already has 12,000 MW on its grid connection from wind only, Serbia is limited to 500 MW until 2020. That's a big difference. For example, Germany is the only net exporter of renewable energy. In winter, Serbia needs to import very expensive energy and the process of developing renewable energy in the country and creating jobs and opportunities for foreign investors is still too slow.

EnergOZelena – the most advanced rendering plant in Balkans

Market Player: Energo Zelena is currently your only fully operational project in Serbia. What can you tell us about this facility?



Kurt Derieuw: We initially came to Serbia to develop a rendering plant to produce electricity from animal fat. Our idea was to develop and to operate a state-of-the-art rendering facility. Serbia is moving towards EU, so one of the things that had to be regulated was safe animal waste disposal. There was an adequate legal framework, but there was no facility; there were two old rendering plants, but there was a need for new one, so we stepped in. This is one of the first modern rendering plants in Serbia – and also in Europe – that operates in accordance with EU and Serbian standards. We invested 21 million euros in this factory, and it was opened in Q1 2013. This is the only plant allowed to transfer CAT1 waste liquids into EU, since it is constructed according to EU regulations. So we have the approval to import the tallow produced in Serbia to our facility in Belgium, where we produce electricity from it.

Market Player: The factory is operational for almost a year. Its capacity is 150,000 t/y. How much waste did you treat this year and are you satisfied with the progress you've made so far?

Kurt Derieuw: In Serbia, officially, there is about 260,000 tons of waste available. After one year, we have 260 customers and we are collecting 25,000 tons on a yearly basis. For now, we are running on, let's say, a fifth of our full capacity, and this will increase very soon. There are other active facilities in Serbia, but I'd like to stress that we are a CAT1 facility. We are treating everything of animal origin – potentially contaminated, dangerous waste. Our products are used for energy production only. This is why we bring tallow to Belgium. But we still have a long way to go. When fully operational, the factory will employ 100 people. We started with 33 employees, and within a year we employed 10 more people.

Market Player: What are the greatest challenges you faced so far and where do you see the chance for further growth?

Kurt Derieuw: The major problem in Serbia is that there is still a lot of dumping; waste is disposed in rivers, forests – everywhere. Animal waste needs to be disposed of safely and rendered, because the consequences of dumping are disease and toxins that go into ground and pollute soil and water. We came to Serbia because authorities guaranteed that from the moment we opened the facility, they would make sure the law enacted in 2009 that prohibits dumping will be applied. We need to urge the government to start enforcing existing law, so that this practice will slowly disappear and waste will be treated properly.

With the rendering capacities of Energo Zelena, we can handle all animal waste production not only in Serbia, but also in former Yugoslavia republics like Macedonia, Montenegro and BiH. They have a limited amount of animal waste, so it is not feasible to install a plant, but they need to dispose of the waste. So we are negotiating to collect the waste from them, import it to Serbia, treat it in Energo Zelena, and export the end product. Our aim is to become the regional base for the former Yugoslavia. If necessary, we are willing to invest in a second rendering facility at some point.

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