

Baltic Clean and Green Energy Conference

Introduction to EBRD

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Agenda

1. Overview of EBRD:
Mission and Guiding Principles
2. EBRD Financing Capabilities and Requirements
3. Power & Energy Utilities Team:
Focus and Experience
4. EBRD in the Baltics
5. EBRD and Renewables



1. Overview of EBRD



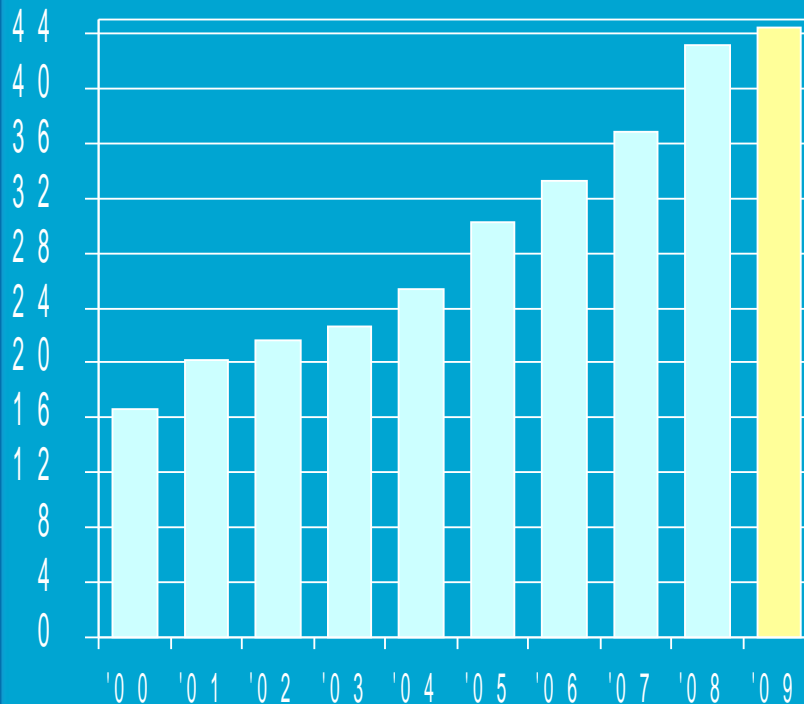
EBRD: *Regional Leader*

- A network of 32 offices in 27 countries



EBRD: Committed and Growing

€ billion



As of 30 June 2009

- AAA-rated international financial institution founded in 1991, owned by 61 national and two supranational shareholders
- Asset base: over 2,300 transactions worth over €44 bn signed through 1H 2009
- Capital base: €20 bn dedicated exclusively to CEE and FSU
- Special mandate: facilitate the transition to market economies



EBRD: Foundations of Operations

- Apply sound banking principles to all projects
 - We do not subsidize
- Advance the transition to a full market economy
 - Priority to promote private sector involvement and market expansion
- Support, but not replace, private investor: additionality
 - Act as a catalyst for higher and riskier involvement of financiers
- Achieve environmentally sound and sustainable development



2. EBRD Financing Capabilities



EBRD Facilities

Loans

- Project finance loan
- Corporate loan with specified use of proceeds
- Hard/local currency
- Medium and long tenors (>15 years)
- Floating/fixed rates
- Carbon finance

Equity

- Common stock or preferred
- Privatisation
- Quasi-equity



EBRD: Leveraging commercial finance

- **Catalyst for commercial investment:** Every €1 invested or lent by the EBRD mobilises €3.1 from other sources
- **Equity:** by investing with majority sponsor we reduce the equity burden and add value through partnership
- **Debt syndication:** The EBRD can syndicate all or part of the senior debt under A/B structure
- **Debt co-financing:** The EBRD will work with or alongside other commercial banks as part of the debt package

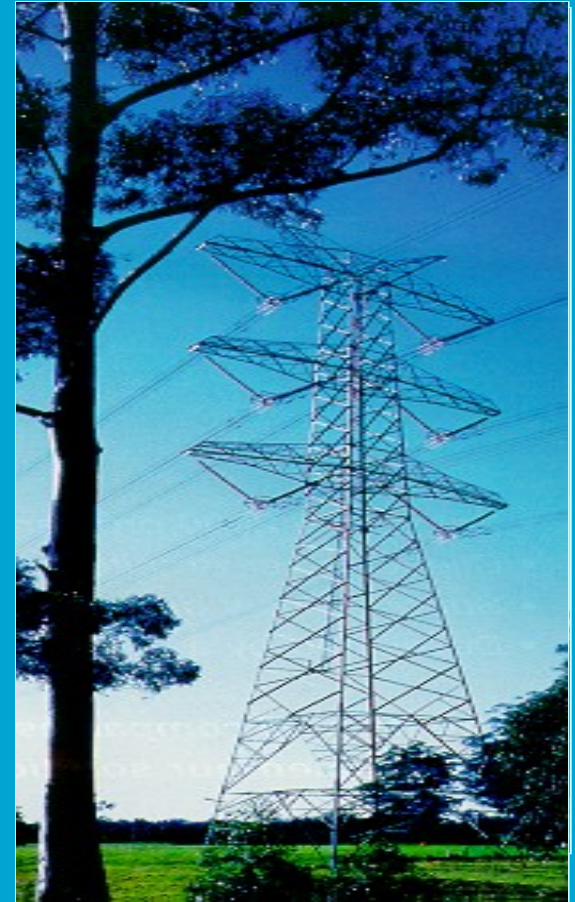


3. Power & Energy Utilities Team: Focus and Experience



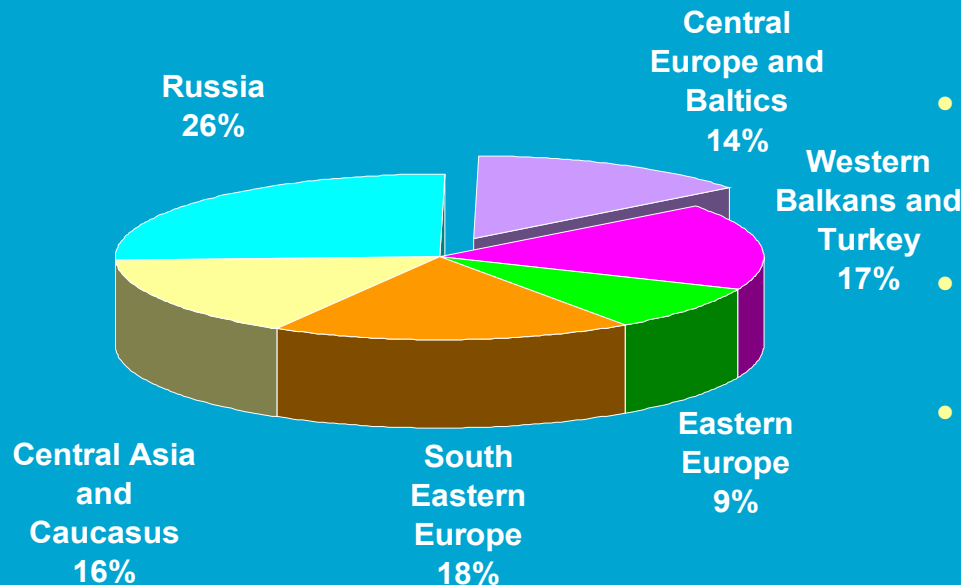
Primary Objectives

- Support sector reforms that enable energy sectors to function according to market principles (e.g., competition, market liberalization, private ownership)
- Strengthen frameworks for regionalisation (trans-border transmission lines, energy trading)
- Prioritise environmental, energy efficiency and renewable energy investments



PEU: Financing the Power Sector

PEU financing by region (1995-2009YTD)



100% = €3.85 bn

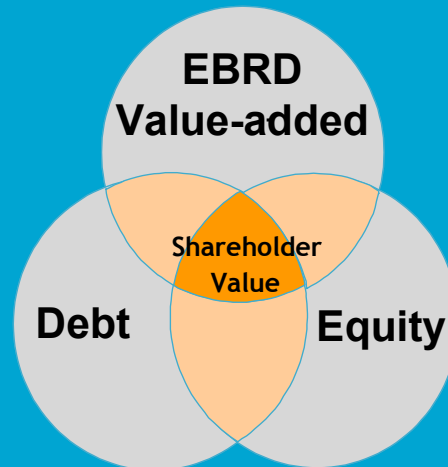
- €3.85 bn EBRD financing to power and energy utilities projects with €16 bn total value
- **Privatisations:** Made key investments in power privatisations in Moldova and Poland
- **IPPs** are a key focus: Pak, Belchatow
- **Renewables** represent 7% of total financing, including FreEnergy wind farms and Saturn biomass



Benefits of working with PEU

- ✓ Strong, internationally recognized partner with long term perspective
- ✓ Mitigation of political and regulatory risks
- ✓ Policy dialogue with Government and Regulators
- ✓ Grant-funded technical assistance
- ✓ Finance and operations monitoring

- ✓ Flexible deal structure
- ✓ Debt finance to both public and private sector
- ✓ Syndication under preferred creditor status
- ✓ Catalyst to access additional debt



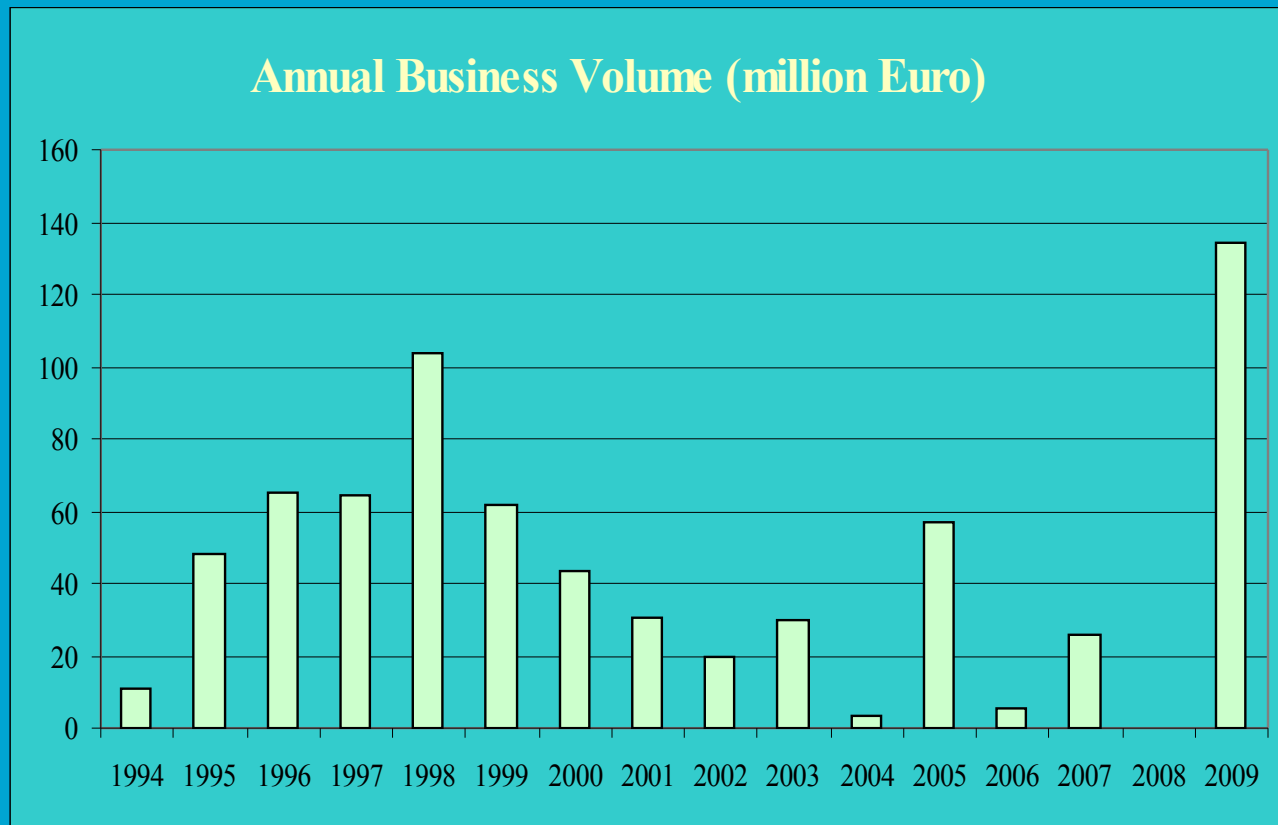
- ✓ Support of strategic investors
- ✓ Perception of quality investment
- ✓ Sector expertise through Board of Directors
- ✓ Good corporate governance
- ✓ Catalyst to access additional equity
- ✓ Positioning as neutral party



4. EBRD in the Baltics

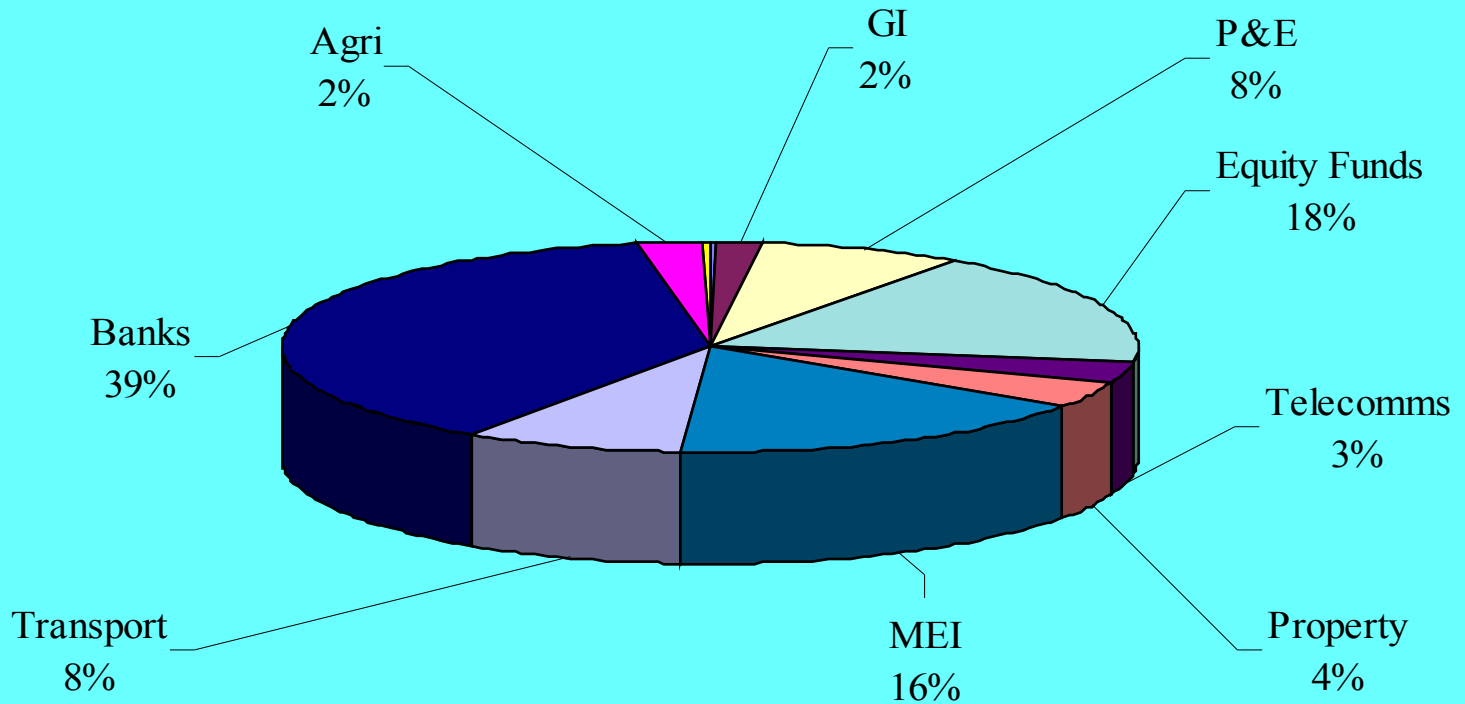


Investments in the Baltics



Portfolio - sectors

EURO 384 million



Issues in the Baltic energy sector

- Forthcoming Capacity Shortages / INPP's Closure
- Crisis response
- Increase the Weight of Renewables
- Lack of Efficiency / Competitiveness
- Creation of CBEM / Market Deregulation
- Interconnections with EU

Enormous increase in demand for EBRD financing



5. EBRD and Renewables



EBRD Region: *current status*

- **Poland** – many local developers seeking strategic partners, GC market in early stages, financing and construction activity starting now, anticipated growth 100MW – 300MW pa
- **Hungary** – tight market limited by terms of operating licences
- **Czech Republic/Slovakia** – active development, mostly smaller projects
- **Baltics** – good potential with several smaller projects now under development or completed
- **Croatia** – government supportive, 12-year feed-in tariff, some local activity
- **Bulgaria** – supportive government, re-thinking regulatory approach and several large projects now close to financing
- **Romania** – new legislation for Green Certificates, good time now to enter the market. Recent large deals by developers
- **Russia** – very large potential, first regulatory support approved in February 2009
- **Ukraine** – very large potential, renewable energy framework approved in October 2008, but secondary legislation still pending



Supporting Renewables

➤ Financing to 10 projects since 2006 representing 7% of EBRD's financing to power sector

- **Small hydro:** Investor in small hydro assets in Bulgaria, Georgia and Armenia. In addition the Bank is proactively supporting development in the region through developing Strategic Environmental Assessment to support planning for new projects
- **Wind:** Directly financed 5 wind farms to date in Turkey, Bulgaria, Estonia, and Poland
- **Geothermal:** Have invested in a pioneering large scale geothermal plant in eastern Russia
- **Biomass:** Currently reviewing pipeline opportunities in Poland and Hungary

➤ Policy Dialogue

- Study in Russia on RE support
- Study in Ukraine on tariffs for renewables



EBRD: *Recent RE deals I*

- **Saint Nicholas Wind Farm – Bulgaria (Oct 2008)**
 - Construction and operation of a 156MW wind farm in the Kavarna region
 - Financing: EUR 137 million of long-term debt
 - Sponsor: AES GEO Energy Ltd
- **Iberdrola Estonia Wind – Estonia (Nov 2008)**
 - Development of the 150MW Lügänuše Windfarm project located approximately 120 km east of Tallinn, and close to the Baltic Sea shore
 - Financing: EBRD provided EUR 900,000 of development equity
- **Tychowo Wind Farm – Poland (April 2009)**
 - Construction and operation of a 50MW wind farm in Northern Poland
 - Financing: long-term debt financing of PLN 126 million
 - Sponsor: RP Global of Spain



EBRD: *Recent RE deals II*

- **Rotor Wind Farm – Turkey (May 2009)**
 - Construction and operation of a 135 MW project in Southern Turkey
 - Financing: EUR 45 million of long-term debt
 - Sponsor: Zorlu Elektrik Uretim A.S.(Zorlu Enerji)
- **FreEnergy – Estonia (Jun 2009)**
 - Development, construction and operation of a wind portfolio of 331 MW in Estonia, Latvia and Lithuania
 - Financing: EBRD to provide up to EEK 336.5 million of development equity; will take up to 35% of FreEnergy
- **Saturn Biomass – Poland (Aug 2009)**
 - Extension of an existing heat and power facility, including conversion of coal boiler to biofuel
 - Financing: up to EUR 30 million of long-term debt



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