



**Contributing to energy security through  
renewable energy**

OSCE Second Preparatory Meeting:  
“Greening the economy for sustainable development, security and stability”  
Astana, 15 June 2017



European Bank  
for Reconstruction and Development

**Agenda**



1. Introduction to the EBRD  
2. Context: EBRD’s energy strategy and Green Economy Transition approach  
3. The EBRD and renewables  
4. Conclusion

## Introduction to the EBRD



The EBRD is a triple-A rated\* bank with a capital base of €35 billion.

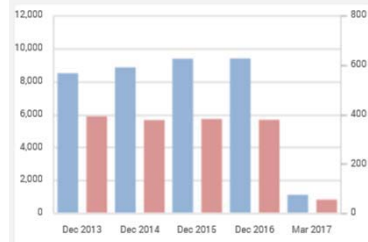
Operating in 36 countries from central Europe to central Asia, the EBRD:

- Promotes transition to market economies
- Mobilises foreign direct investment
- Improves people's lives through enhancing municipal services
- Encourages sustainable development

The EBRD is owned by 65 countries and two inter-governmental institutions. In January 2016, China became the 67th member of the Bank

\* From all three main rating agencies (S&P, Moody's and Fitch)

The EBRD's annual business volume and operations (EUR in million)



Note: as of March 2017

## EBRD's Energy Strategy



- Approved by the Board of Directors in December 2013
- Sets out the EBRD's general direction and identifies the priorities and activities in the sector for the period from 2014 to 2018.
- Key components:
  - Is centered around energy efficiency
  - Is rooted in EBRD's transition mandate
  - Presents the EBRD's operational approach to support secure, affordable and sustainable energy through the transition to a market oriented energy sector.
- Energy security:
  - Broader view beyond energy self-reliance to include diversification of sources (incl. better regional market integration).
  - Acknowledges the role of markets, institutions and infrastructure in contributing to energy security.
  - Principal transition gaps in the Bank's countries relate to the lack of open markets, the absence of sufficient physical and regulatory infrastructure to allow for effective cost-border trading and the failure to price the value of security and diversity.

## EBRD's Green Economy Transition approach



- Since 2006 the EBRD has adopted cross-sectorial strategies:
  - **to mainstream** across the Bank's operations, and
  - **to increase** the share of Bank business represented by measures which enhance the efficient use of energy and resources (water, materials) and contribute to the mitigation of, and adaptation to, climate change.
- The latest strategy, the Green Economy Transition (GET) aims to further scale up the Bank's green business, and to include new areas of activity, such as environmental protection and technology transfer.

1994	2006	2013	2015
	Sustainable Energy Initiative	Sustainable Resources Initiative	Green Economy Transition
Energy Efficiency banking team	<ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Water efficiency</li> <li>• Material efficiency</li> <li>• Adaptation to climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Technology transfer</li> </ul>

5

## GET targets



**40%**

2020 target for the share of green finance in EBRD annual business, from a current level of 33%

**€4 billion**

Target annual EBRD green business by 2020

**€18 billion**

Target cumulative EBRD green business 2016-2020



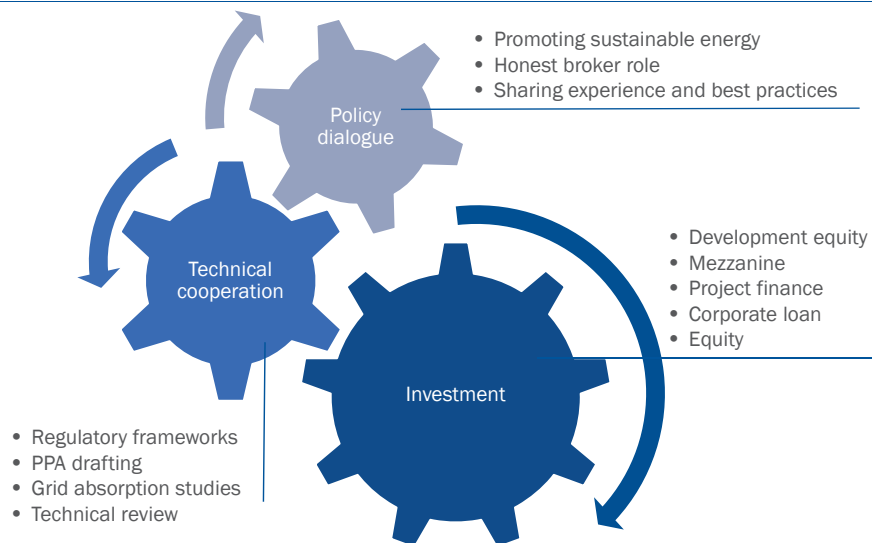
6

## EBRD exposure to renewables

- Largest investor in RES in the region where it operates (EUR 5.2 billion since 2006).
- In 2014, the Bank's investments in renewables overtook those for thermal power generation.
- Three RE frameworks have been approved in the last year:
  - Kazakhstan (EUR 200m).
  - Greece (EUR 300m).
  - Egypt (\$500m).

7

## Renewables – operational approach



8

## Policy and market development support for renewable energy in Kazakhstan



### POLICY SUPPORT FOR RENEWABLES

EBRD has been assisting the Government of Kazakhstan in 14 areas related to sustainable energy since 2008.

One of the main areas has been focused on supporting the renewable energy market in Kazakhstan.

- EBRD assisted the Ministry of Industry and New Technologies and the Ministry of Environmental Protection in developing various aspects, beginning with the model for determining the FIT.
- An FIT law was adopted in 2013 with further secondary legislation in 2014. Principles include: priority of dispatch, exemption from balancing responsibility, introduction of a unified off-taker, and CPI indexation of the FIT.
- Cooperation continues on fine-tuning regulation following experience of pilot projects: connection agreements and connections financing responsibilities, addressing more accurately the intermittent nature of renewable dispatch, reflection of FX risks in FIT, bankability of the PPA and creditworthiness of the off-taker.

Policy dialogue support resources have been provided by the Clean Technology Fund (CTF) and the UK Government.



### MOBILISING INVESTMENTS

- In 2014, the EBRD and the CTF provided financing for the Yereymentau wind power plant. This is the first large-scale wind farm in Kazakhstan. The EBRD provided local currency debt financing of approx. €59 million and concessional debt financing of €18 million from the CTF.
- In 2015, the EBRD and the CTF financed the construction of the 50 MW Burnoye solar power plant which is the first commercial scale solar park in the country. The EBRD provided local currency debt financing of approx. \$76 million and concessional debt financing of \$15 million from the CTF.
- In June 2017, the EBRD, together with the CTF, funded the 50 MW expansion of the Burnoye SPP by providing local currency debt for a total of \$54.5m (of which \$10m from the CTF).

9

## Conclusion



- The EBRD is committed to support the development of renewables in its countries of operations through a combination of finance, policy dialogue and technical cooperation.
- The OSCE can:
  1. Actively support the development of renewables and draw attention to the link between energy security and renewables.
  2. Play a role in reinforcing regional market integration, thus supporting the further development of renewable energy projects.
  3. Act as a platform to share international best practices between participating states on renewables.

## Contacts



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