



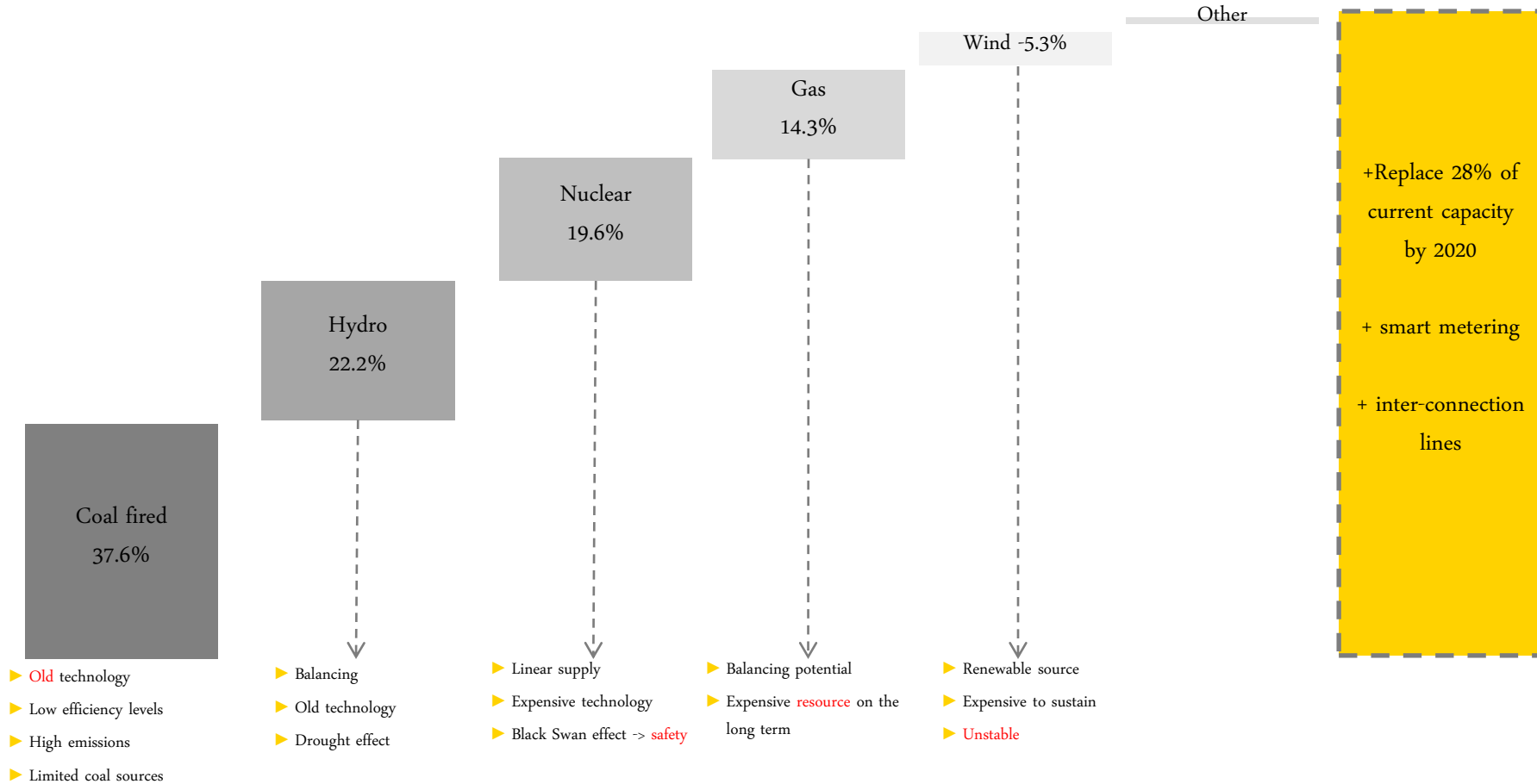
Energy market - challenges and moving ahead

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Energy market at a glance

Structure by type of source for energy delivered in Romania, 2012

Source: ANRE annual report, 2012



Thermal – close or update?

- ▶ Positive steps

- ▶ Initiatives by Government to create synergies – CET Oltenia
- ▶ CE Hunedoara – negotiations to obtain state guarantees for credit facilities of EUR 300 million
- ▶ Investors interested – China Huadian Engineering - expected PPP and start construction in 2014

- ▶ Global trends

- ▶ Japan is looking to construct new power coal-fired power plants in order to reduce electricity bill
- ▶ US is considering both alternatives for its coal fired plants

- ▶ Replacement ...

is nuclear power a solution?

what about job losses?

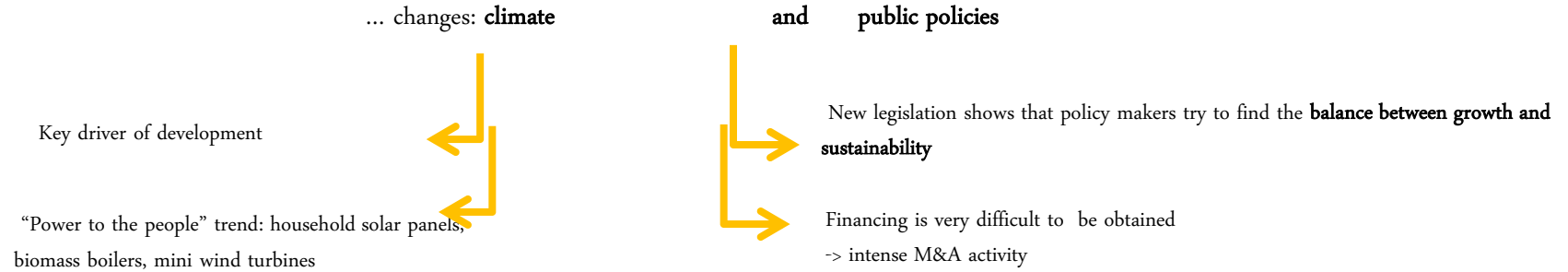
natural resources available

Nuclear – to be or not to be...

... the most reliable type of energy = 14% of world energy ?

- ▶ Black Swan effect put an additional emphasis on safety
- ▶ Global benchmarking report undertaken by EY in 13 countries (key players in nuclear sector)
 - ▶ Changes occurred with regards to choice of technology
 - ▶ Germany announced giving up on use of all its nuclear plants by 2022
 - ▶ US permitted the country's first new power plant in almost 25 years
 - ▶ In the UK, three months after the events in Japan, the government confirmed eight new sites where nuclear power plants could be constructed by 2025.
- ▶ In the meantime
 - ▶ Nuclearelectrica IPO
 - ▶ Feasibility study -> Reactors 3 & 4 – profitable investment

Renewable energy – mixed feelings



Wind energy

- ▶ Strong M&A activity – Vestas is selling operational parks
- ▶ Big businesses have stepped in the battlefield:
 - + in US, big retail companies (Ikea, Starbucks, eBay, Intel) sustain renewable energy
 - in Romania – significant burden

Was legislation structured correctly?

Solar energy

- ▶ Significant number of bankruptcies of producers of PV -> dumping fee set by EU starting July 2013 (following US pattern)
- ▶ In Romania – incentive only if agricultural land is not used for solar projects

How to

... get finance

Use the travelled paths – how did the others made it?

- ▶ Get the capital market involved
- ▶ Use the IFIs and ECAs
- ▶ PPPs

Make it **attractive:**

- ▶ Fiscal incentives, legislative support
- ▶ Add a guarantee to it – World Bank, MIGA





Thank you!

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