

CASE STUDY 02: FINANCING MINI HYDROPLANTS IN BULGARIA

Developing renewable energy to reduce CO₂ emissions and ensure energy security is a priority for Bulgaria and elsewhere in the EU.

The EBRD has been able to facilitate this by approving a €34 million loan to build nine mini hydropower plants in the gorge of the River Iskar to the north of the capital, Sofia. The signing followed close consultation with the Bank's Environment and Sustainability Department (ESD) to ensure that the environmental impact assessment (EIA) reflected the scope of project, supplementing the EIA process undertaken by local regulators. The construction arrangements, for example, include specific measures to protect wildlife such as "fish ladders", which enable fish to bypass the dams.

With a combined installed capacity of 26 megawatts (MW), the nine plants will be constructed along a 33 kilometre stretch of the river. The majority stake in the hydropower stations will be owned by Vez Svoghe, a subsidiary of the Italian Petrolvilla and Bortolotti group, which is primarily engaged in the provision of energy and energy-related products and services in northern Italy. The minority stake will be owned by the municipality of Svoghe. Grants of around €60,000 from the UK's Department for International Development (DfID) and from the Italian government were provided for environmental and technical due diligence. Construction of the first two power plants is under way, partially financed under the Bulgarian Energy Efficiency and Renewable Energy Credit Line (see page 13 and visit: www.beerecl.com), which helped to create a market for small renewable energy projects. Work on the other seven barrages will take place over the next few years.