

# Nero Project: an opportunity for a European Joint Project (JP) between the Netherlands and Romania

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# NERO: 3 Projects, 2 Locations, 1 Gigawatt



- Romania has very suitable locations for onshore wind
- All relevant permits received; updates pending
- Local authorities supportive
- Financial close planned for Q2 2020
- The Nero project is offered to the Netherlands as an opportunity to reach its obligatory RE quotas faster





# Joint Project

*“Two (or more) countries agree to develop a specific project - with a developer - that is located in the host country while the RES production counts for the quota of the beneficiary country that takes the financial risk”*

- Agreement between the two countries on how the renewable energy quotas are shared
- No physical delivery of electricity needed to the beneficiary country
- Joint-Project mechanism is the way to go forward in Europe to achieve the targets as a Union



# Advantages of the NERO Joint Project

NL:

*“a country too small to achieve its RE targets without cooperation”*

- Contributes to national renewable energy targets
- Contributes to EU targets

RO:

*“a country that already reached its RE targets and large enough to support additional capacities”*

- Reviving investment in Renewable Energy without subsidies
- Local job creation
- Partnerships with local communes, substantial revenue sharing
- Investments in infrastructure



# JP mechanism in practice

- Initial approach of EC in three party JP was financial investment by beneficiary country and host country,
- Turbine prices have come down while e-price went up. Therefore, projects have become commercially viable without subsidies.
- Bankability remains a major issue for RES projects.
- Therefore, NERO proposes a floor price guarantee by the beneficiary country: The Netherlands

“Prevents market distortion on the local market and at the same time provides the necessary guarantees needed to finance the project.”



# Current Joint Project Situation

- NERO is the first and currently the only European initiative proposing a Joint Project
  - Strong support of EC
  - Cooperation with Dutch embassy
- RED II reinforces the importance of the Joint Project cooperation mechanism in view of reaching EU 2030 RE targets
- More opportunities for Joint Projects in the coming years
- Integrated Single Electricity Market (ISEM) makes cross border transfer possible

*“European Member States have to cooperate to achieve common goals”*



# Conditions needed for (subsidy free) RES projects

- Free PPAs for new RES projects should be made possible.
  - RES Directive II 2018/2001/EC
- Energy storage should be provided by balancing providers
  - Balancing Regulation 2017/2195/EC)
- No upstream investments by developers
  - EU grid code: TSO responsible for network 714/2009/EC
- Romania to become member of AIB
  - Allowing EU wide sales of Guarantees of Origin



# Next steps:

1

Dutch Government has taken the decision of principle to support JP and is currently evaluating the NERO offer



2

Contacts between Dutch and Romanian Governments about the Joint Project