

PSD Draft

Project Description:

The EBRD is considering providing a senior secured loan of up to EUR 50 million to Electrawinds K-Wind d.o.o. to finance the construction, commissioning and operation of the 104.5MW Kovacica wind farm consisting of 38 wind turbines each with capacity of 2.75 MW and including a 220/33-35 KV substation (the "Project") located 50km northeast of Belgrade, Serbia.

Project Objectives:

Kovacica Wind Farm will be among the first privately owned wind farms in Serbia and will help diversify Serbian power sector which is dominated by conventional thermal and hydro-power generation.

Transition Impact:

The Project will be among the first wind farms in Serbia to reach commercial operations and thus has the potential to cause important demonstration effects by attracting further interest from investors. It will also demonstrate the role of the private sector in power generation, being among the first privately-owned power plants in Serbia. Furthermore, the Project will assist Serbia in diversifying its power sector, which is heavily concentrated on thermal and hydro-power generation.

Client Information:

Electrawinds K-Wind d.o.o. is a special purpose vehicle set up in Serbia currently owned by Solaveris Limited d.o.o and Enlight Renewable Energy Ltd. ("Enlight") through its subsidiary Blacklight Energies d.o.o. Prior to financial close the Project Company will be majority owned by Enlight with minority investments by two Israeli insurance companies, Migdal and Phoenix.

Enlight Renewable Energy Ltd. is a public company listed on the Tel-Aviv Stock Exchange engaged in planning, development, construction and operation of renewable energy generation projects. It is part of the Eurocom Group, one of Israel's largest holding companies. Migdal Insurance and Financial Holding Ltd is the largest insurance company in Israel and a major player in the Israeli capital market.

EBRD Finance Summary:

Total Project will be finance through equity and up to EUR 140 million debt. Up to EUR 50 million will be provided by EBRD, with the balance provided by parallel commercial loans, which may benefit from ECA cover from Euler-Hermes or similar.

Total Project Cost:

EUR 185,000,000 [This is direct input from DTM, should be changed to EUR 185m]

Environmental and Social Summary:

Categorised A. The Project is the construction of a large wind farm located near the village to Kovacica in northern Serbia). Due to the size and potential cumulative impacts, the Project required an Environmental and Social Impact Assessment (ESIA).

An independent consultant was retained to undertake an Environmental and Social Due Diligence (ESDD) of the Project and to carry out a gap analysis for the ESIA disclosure package. The ESDD concluded that the Kovacica Windfarm Project has been located and designed to minimise environmental and social impact. The ESIA Report is a good quality document and the general findings and mitigations remain valid in February 2017. The Project has been developed in compliance with local regulations and, with the careful application of the revised ESAP, the Project will meet the requirements of the EBRD ESP. This includes the EU EIA Directive and the EU Habitats Directive as applicable and transposed into Serbian legislation.

The ESIA predicts that the impact of the wind farm on birds and bats will be low to medium and there is no evidence to suggest that the species list or likely range of movement will have changed substantially during the intervening

period. It is noted that the new WTGs have lower hub and tip heights than used within the ESIA. However, the new heights are within the Potential Collision Risk Height of 70-190m used within the original CRA. The ESAP contains specific requirements for survey and monitoring work prior to construction, during construction and during operation and these requirements are considered to be adequate and appropriate. There is no direct or indirect impact on anticipated any designated or identified nature conservation areas within 50 km, including the Deliblato sand protected area .

The land required for the electrical substation and the construction compound has been purchased by Electrawinds K-Wind (EKW) on a willing-buyer, willing-seller basis. The location of this substation (in the centre of the WF) was, in large part, dictated by the availability of a big enough land parcel from a single owner. NES took a similarly pragmatic approach to the micro-siting of the WTGs; the final locations were determined by which landowners were willing to sign the proposed easement agreement. These easements are not time limited (in contrast to a lease agreement). The financial compensation is in line with national land/ agricultural production valuations. The landowners were given a choice of receiving either an annual payment for the 25 year life of the WF or a one-off payment. The majority of landowners have accepted the one-off payment and no grievances have been raised on this matter.

An Environmental and Social Action Plan (ESAP) has been developed to set out specific environmental and social actions required to minimise impacts associated with the wind farm scheme. The ESAP has been developed to ensure compliance with Serbian regulation as well as the environmental and social requirements of the international banks that may invest in the Project. The key considerations relevant to the development of the wind farm include the following:

- Prepare and submit reports on status of ESAP implementation and environmental, health, safety and social performance, including resolution of grievances associated with the project.
- Develop and implement an Environmental and Social Management System (ESMS);
- Implement a monitoring programme to assess the impacts to birds and bats that may be occurring during the operational phase of the wind park;
- Undertake a health and safety risk assessment of all staff job functions and activities and implement health and safety action plan covering control measures and work instructions as required; and
- Develop and implement a decommissioning plan that includes a plan for minimising impacts during decommissioning.

Following ESIA disclosure and the 60-day public review and comment period, all concerns raised will be summarized and responded to for EBRD Board consideration. The ESAP may also be amended if new information or analyses suggest this would improve environmental and social performance of the project. This Project Summary Document will be updated in case of important new information or significant revisions to the ESAP.

There is an Environmental and Social Impact Assessment available for this project.