

There are increasing concerns about climate change and security of supply. The European Union (EU) is leading the world in responding to climate change by adopting targets and putting a price on greenhouse gas emissions through the Emissions Trading Scheme (EU ETS) and thus making non-fossil fuel based generation more cost competitive.

The Energy Package that has been approved by the European Council and the European Parliament sets targets to reduce greenhouse gas emissions by 20 per cent, reach 20 per cent of renewable energy sources in the EU energy mix and to reduce EU global primary energy use by 20 per cent by 2020. The increasing number of renewable electricity generation investments in Central and Eastern Europe (CEE) has mainly been triggered by the various incentive and regulatory regimes that have been put in place by each country to reach their respective target. The aim of these regimes is to contribute to security of supply with the implementation of environment friendly generation facilities, with zero carbon footprints thus contributing to a sustainable future energy supply.

To reach these goals investors have to recognise that there are three distinct stages in the implementation of renewable electricity generation investments:

**License
acquisition
& financing**

Construction

**Operation
& maintenance**

Each stage requires different skills and competencies from the investor. Therefore careful consideration has to be made based on the investor's core competencies.

In the CEE countries there are potentials in various renewable sources (including wind, hydro, solar, biomass and geothermal energy) with which the countries can approach the set targets. The availability of renewable resource potentials varies country by country,

so each country's potentials are different for renewable energy utilization.

Therefore the renewable electricity generation sector offers a wide range of opportunities for professional investors including well established energy companies, construction companies and equipment manufacturers. It also offers opportunities for financial investors such as private equity, venture capital, infrastructure funds, banks and other financial institutions.



KPMG in the Renewable Sector

KPMG's Energy and Utilities Centre of Excellence, based in Budapest, Hungary maintains a market leading position in tackling energy related issues throughout the Central and Eastern European region. The relevant market experience of our Energy and Utilities practice group in Budapest derives from several major assignments. Our team continuously advises leading electricity market participants on a comprehensive range of issues from investment decisions to price calculations.

Advisory Services – Renewable Electricity Generation

KPMG's Energy & Utilities Centre of Excellence located in Budapest provides advisory services to support investments in the renewable electricity generation sector:

- Market analysis and forecasting within the CEE energy sector
- Analysis of the current regulatory regime and its expected future
- Assessment of renewable energy source potential
- License acquisition, support of negotiation with regulators and with other licensing authorities
- Financial modeling
- Local partner identification
- Feasibility study preparation
- Business plan preparation and review
- Arranging finance, searching for equity partners
- Project management

- Coordination of engineering firms and legal support
- Market entry and exit strategies
- Mergers and acquisition support
- Competitors analysis
- Identification of investment opportunities
- Investment opportunity assessment

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