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PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

Croatia: Danilo Wind Farm



Overview

The Austrian renewable energy company RP-Global has developed the 43.7 MW Danilo Wind Farm near the Dalmatian city of Sibenik, which has boosted Croatia's supply of wind-generated power by 34 percent. As of early 2013, around 16 percent of Croatian energy consumption came from renewable energy. With sustained investment in projects such as Danilo Wind Farm, Croatia is well on its way to surpass government targets and perhaps achieve 40 percent energy consumption from renewable sources—on par with Denmark, Germany, Norway, and Sweden. IFC is supporting the concessionaire, RPG Global Holdings, a leading European renewable energy producer, with a financing package for the project that includes both direct and syndicated loans.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

Background

The \$92.1 million Danilo Wind Farm has the capacity to supply around 22,000 households with clean energy, with annual production expected to reach 100 GWh. Located 15 kilometers away from the southern town of Sibenik, it is Croatia's largest wind farm facility and is being developed according to strict environmental protection criteria. Operations began in March 2013.

Project Description

The 43.7 MW Danilo Wind Farm near the Dalmatian city of Sibenik developed as a special purpose vehicle formed by RP Global Holdings (RP Global). The company is a privileged power producer, eligible for a 14-year feed-in tariff. The project has boosted Croatia's supply of wind-generated power by 34 percent.

The wind farm straddles three locations and three sets of turbines, and covers a total area of approximately 210 hectares that together will produce around 100 GWh annually. The project will have its own power substation, and will also include a 7.3 kilometer double overhead 110 kV transmission line. RP Global's project management team has implemented the project through a multi-contract structure. Both the supply and installation agreement and the service agreement have been negotiated with EPK (Enercon Partner Konzept) for a duration of 15 years. The wind farm will be connected to the grid through a transmission line to the Podi industrial zone.

The project represents the first stage of a larger pipeline for which the developer has obtained the necessary permissions from the government.

World Bank Group Role

IFC acted as the lead arranger and global coordinator of a \$72.3 million debt financing package to the local subsidiary of RP Global Holdings. IFC's own investment is \$26.3 million, including senior and subordinated long-term debt for IFC's own account.

An additional \$46 million has been mobilized from UniCredit, a leading Italian investment bank. The financing closed in early 2012.

Through this project IFC was able to provide limited recourse finance that is not available in the maturities, structures, and terms necessary for such infrastructure projects in the Croatian renewable energy sector. In addition to longer tenures, IFC also offered a mezzanine instrument to reinforce the capital structure of the project, and mobilize commercial financing in a challenging market environment.

Outcomes

- Increased Croatia's wind energy capacity by 43.7 MW from the level of 124 MW, a 35 percent increase.
- Displaced carbon from the country's substantial thermal generation plants, leading to a reduction in pollution and a contribution to the effort to combat global warming—average annual greenhouse gas avoided is estimated at 33,000 tons CO₂.
- Reduced Croatia's dependence on energy imports.



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