

EAST RENEWABLE AB

UPDATE ON UKRAINE

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Investors sign Memorandum of Understanding with the Government of Ukraine

On 10th June the Government of Ukraine, two industry associations and a group of renewable energy investors signed a Memorandum of Understanding (“MOU”) that ends the mediation process led by the European Energy Community Secretariat. The MOU outlines the proposed changes to laws and regulations that are required to create a stable and predictable policy framework for renewable energy in Ukraine. NBT is very pleased that the mediation process has been finalized and that the result has limited consequences for our projects. For Syvash the total effect will be an expected 3.3% reduction in revenues from power production and an increase in balancing cost equivalent to 1-2% of revenues.

The main components that are relevant for NBT and the wind industry is:

- A reduction in the feed-in tariff for wind power plants commissioned before 31. December 2019 by 7.5%. This have an effect for 10 out of 63 turbines for Syvash.
- A reduction on the feed-in tariff wind power plants commissioned in 2020 to 2022 by 2.5%. This will apply to 53 of 63 turbines for Syvash and for all of the turbines for Zophia.
- Accelerated responsibility for balancing costs from 2021 and 2022.
- Protection against future change in law for the life of the PPA through amendments to the Law on Foreign Investments
- Resuming full payments from the Guaranteed Buyer from the month following the adoption of the amended laws
- Repayment of accumulated debt by the Guaranteed Buyer in tranches. This has only a very limited effect on any of NBTs projects but is important for the industry.
- Adoption of secondary legislation to secure payments for non-delivered energy
- Increase of transmission tariff to finance the Guaranteed Buyer

When implemented by the Verkhovna Rada (the Ukrainian Parliament), the legislation will secure stability of the renewable energy system in Ukraine and pave the way for further growth of the industry.

Substation energization for the Syvash project

Today the Syvash project achieved a major milestone when the 330 kV substation was energized. This is the first privately owned 330 kV substation in Ukraine. The commissioning teams from Nordex will start commissioning turbines over the coming week and we expect the first electricity to be exported from the complex later this month.



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