

## Solar energy market skopje

EUR25 million EBRD loan to construct two large-scale solar power plants. Redevelopment of coal mine sites to help decarbonize power sector in North Macedonia. Country aims to generate 38% of electricity from renewables by 2030.

Decarbonization plans in North Macedonia are taking a big leap forward. The European Bank for Reconstruction and Development (EBRD) is lending EUR25 million (\$26 million) to ESM, the state-owned electricity company, to build a 30 MW photovoltaic project consisting of 10 MW on a portion of the exhausted coal mine of thermal power plant Oslomej, and 20 MW adjacent to the thermal power plant Bitola. The European Union is also supporting this development with a EUR5 million grant funded through the Western Balkans Investment Framework (WBIF).

Andi Aranitasi, EBRD head of North Macedonia, said: "This is a very important project for the country's energy transition. It is a continuation of our previous work in backing the ambitious decarbonization plans of North Macedonia by organizing solar PV tenders and constructing the first ever utility scale solar PV plant in the country. The project will help to address the need for energy security and sustainability in a competitive and affordable manner, through investments that will create high-quality jobs and new business ecosystems, while reducing air pollution and greenhouse gas emissions."

The new solar plants are an extension of the first 10 MW PV plant constructed on the exhausted coal mines in Oslomej and are evidence of ESM's and the country's decarbonization pathway. Once operational, the new facilities will produce nearly 48 GWh of electricity per year - enough to power 10,000 homes and replace 44,000 tonnes of CO<sub>2</sub> per year. The project will also support ESM's efforts to rehabilitate the mine sites that used to supply the thermal power plants with coal.

Ambassador David Geer, head of the EU delegation to North Macedonia, said: "We are seeing concrete actions in materializing the green agenda for the western Balkans and in turning the economic and investment plan into reality. The WBIF investment grant and the EBRD loan, supporting the transformation of Oslomej and Bitola power plants from coal based to solar energy, represent a clear indication that the country is taking the right steps - moving to green energy, while implementing a socially-just transition process. This investment was long overdue and comes at the right time for North Macedonia, ensuring clean and secure energy supplies."

The country, whose capital Skopje was recently named one of Europe's most polluted cities, aims to source 38% of its electricity from renewable sources by 2030. Especially during the current energy crises, this operation will be one of the first projects to simultaneously address key just-transition elements by moving towards clean energy use and energy security while also introducing re-training and re-skilling programs to safeguard livelihoods, support regional development, and create new economic opportunities.

ESM, a public electricity generation utility owned by the government of North Macedonia, provides 90% of the country's domestic electricity production - about 3,600 GWh - from two thermal power plants, and 1,250 GWh from eight hydropower plants. ESM also operates two combined heat and power facilities and the first wind farm in the country, producing about 100 GWh annually.

Furthermore, in favor of decarbonization and meeting the country's renewable energy target, in 2020 the EBRD provided technical assistance to support the regulatory and legal aspects of introducing renewable energy auctions in three renewable energy tenders for 162 MW combined solar PV capacity. These are the first tenders in the western Balkan region to be developed with exposure to wholesale power prices, one on public and one on private land, while the third is a public-private partnership tender for 100 MW solar PV capacity on ESM's former coal mine in Oslomej.

The EBRD Shareholder Special Fund (SSF) provided EUR75,000 for environmental and social due diligence, and EUR74,000 for the development of basic design and technical specifications for the plants. The EBRD will support ESM with a nationally accredited market-relevant curricula program to define redeploying and re-training opportunities for a significant share of the affected local workforce, with an approximate budget of EUR200,000 to be funded from an international donor and SSF under the gender and economic inclusion TC framework.

To date, the EBRD has invested EUR2.3 billion in 161 projects in the economy of North Macedonia.

In Skopje, the President of the Management Board of the GEN-I Group, Dr Igor Koprivnikar, together with the Prime Minister of the Republic of North Macedonia, Dimitro Kovačevski, and the Minister of Economy, Kreshnik Bekteš, publicly presented the start of operation of the currently largest solar power plant in North Macedonia.

The start of operation represents an important milestone for the expansion of GEN-I in the implementation of large solar power plants projects and the production of carbon-free electricity and a key contribution to the so-called Green Scenario of the Republic of North Macedonia under the Strategy for Energy Development of the Republic of North Macedonia.

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