

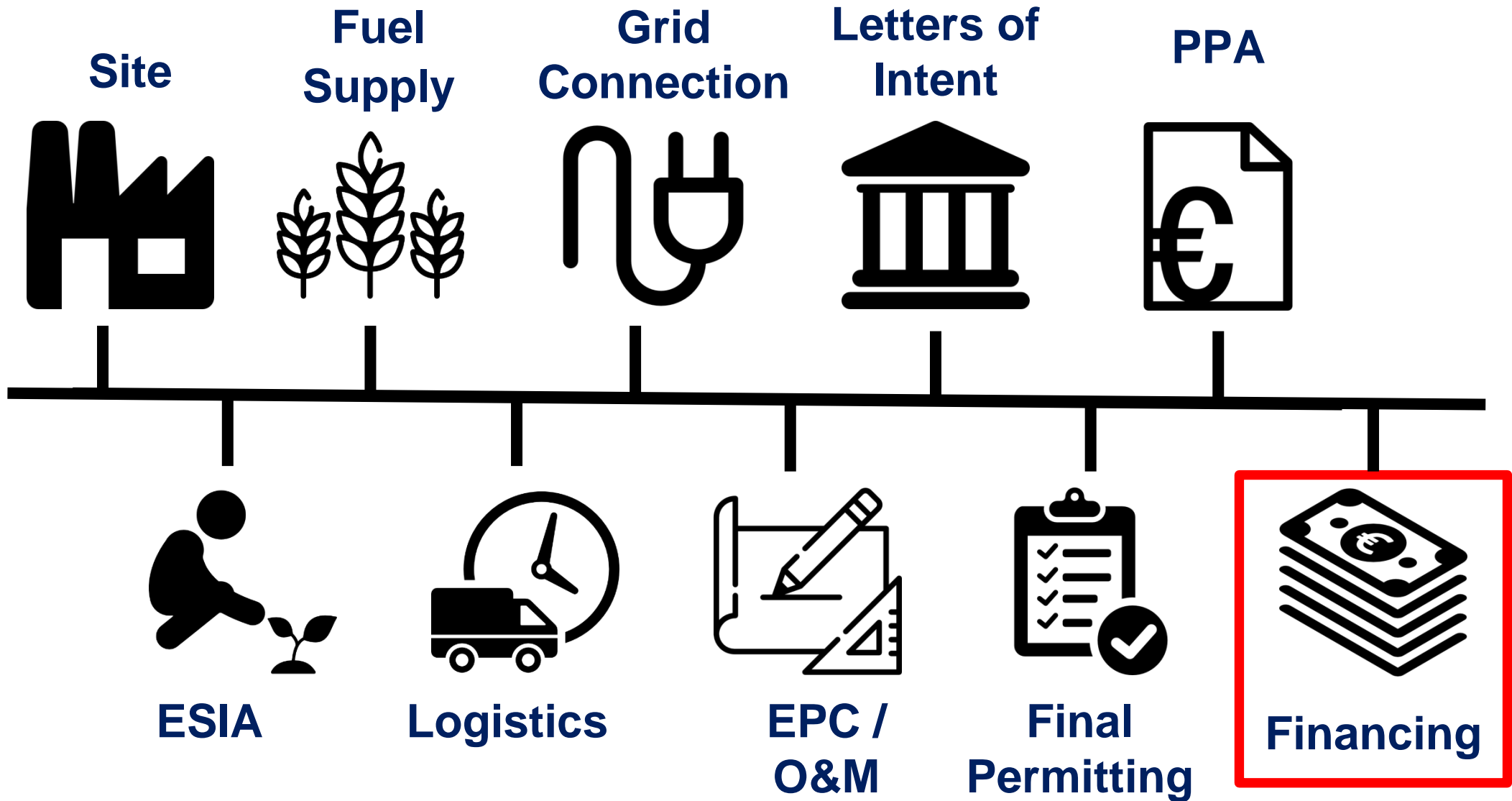


Investor View on Auctions for Large-scale Biomass Project

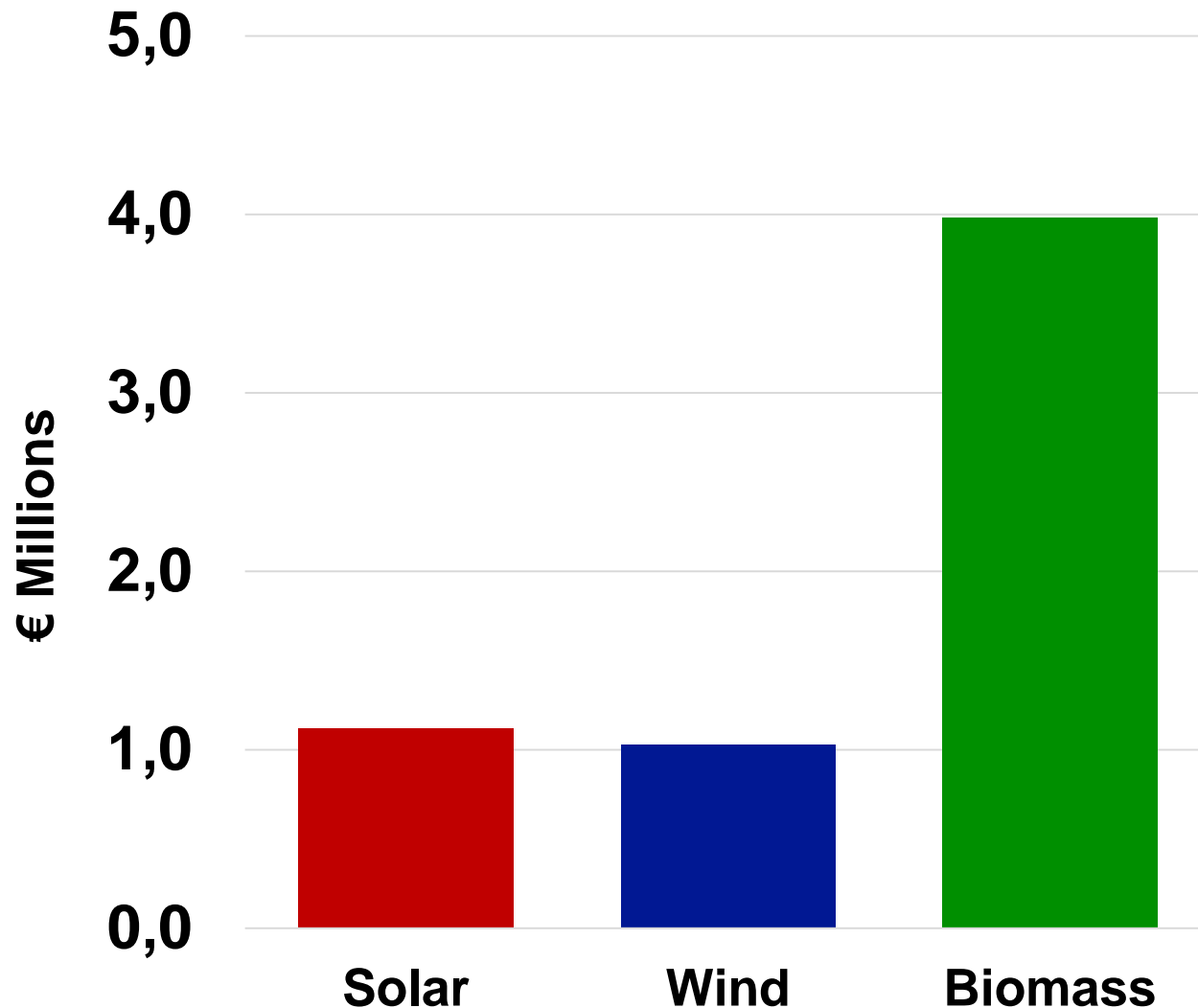
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KBPP Project Background



Technology Price per MWh



Biomass is capital intensive but offers:

- Baseload power
- Grid balancing
- Economic multipliers
- Energy security

Background to the UK Auction Transition

- Quota based – Established / Less Established
- Auction triggered once quota reached

Technology	Clearing Price (€c per Kwh)	Saving Over Strike (%)	
Onshore Wind (>5MW)	10.24	(11.0%)	Established
Solar PV (>5MW)	8.00	(37.5%)	
Biomass	16.00	0.0%	Less Established
Energy from Waste	10.30	0.0%	
Biogas	18.00	0.0%	
Offshore Wind	15.30	(15.0%)	

Good parts

- Balanced mature and immature technologies
- Reduced Government spending
- Prioritised political intent for offshore wind
- Competitive market prices reduced

Bad parts

- Complex and Cumbersome
- Slow uptake initially
- Resulted in uncommercial bidding
- Favoured big players

Positives

- Financial Certainty
- Transparency
- Technology Specific allows immature to develop
- Greater Regulatory Certainty
- Reduced Collusion / Corruption risk

Concerns

- Lowest Price wins
- Bidders ability not assessed
- No transition for immature sectors
- Grid Connection – corruption risk

Why it makes sense for Ukraine?

Benefits

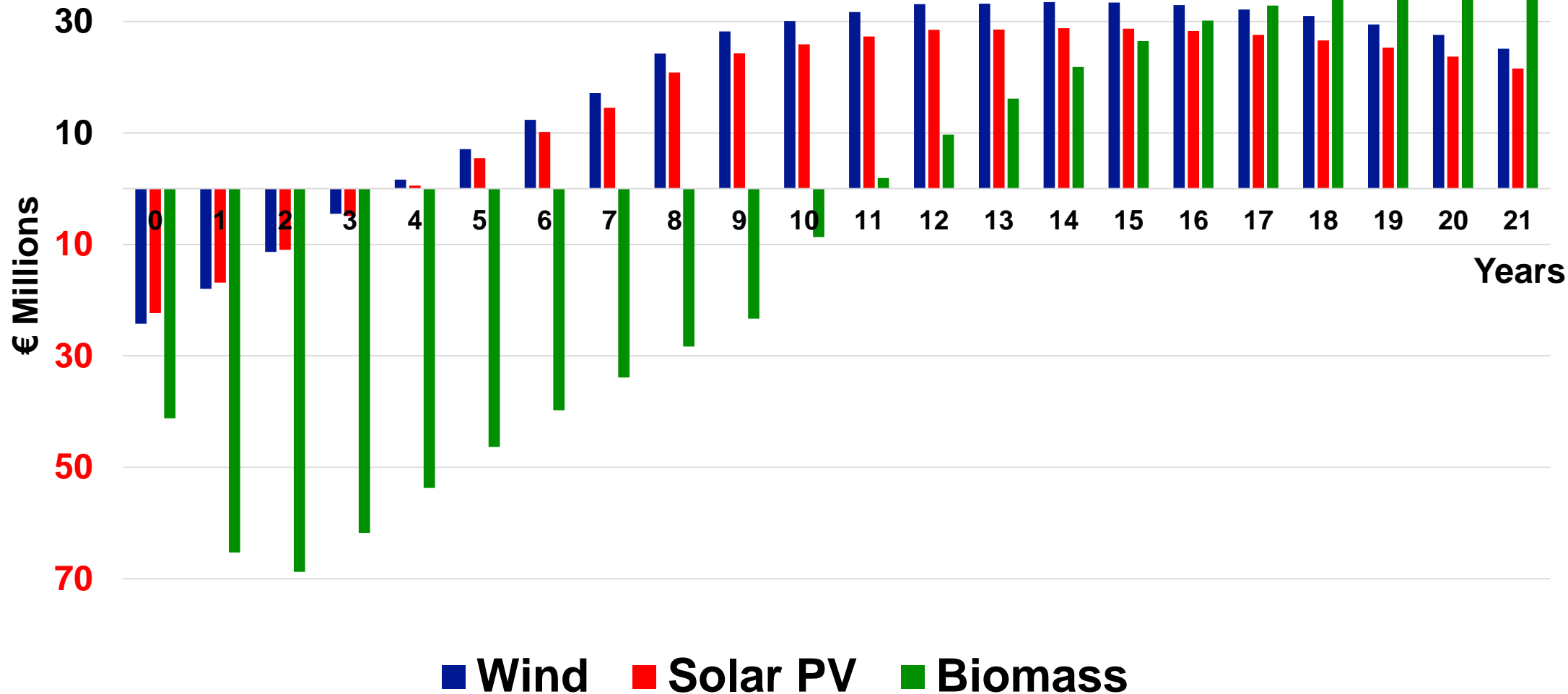
- Competitive Pricing
- Benefits Consumers
- Budgetary Control
- Better Renewable Target forecasting
- Encourages FDI

Potential Issues

- Balancing of Competitive markets
- Low Penalties for non-development
- No incentives for economically beneficial projects
- Quota “locking” may occur

Comparison of Technologies in Current FIT

Discounted Equity Cashflows by Technology on Current FIT





“Energy cannot be created or destroyed, it can only be changed from one form to another.”

~ Albert Einstein

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