



## Interview

# AT OX2 WE POWER BANKABLE PROJECTS

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**1** Romania, like many countries, is transitioning to green energy. What role does OX2 Romania see itself playing in this broader transition, and what hurdles do you anticipate on the road to a more sustainable energy landscape? Can you elaborate on the company's future plans and expansion strategies?

OX2 is a renewable energy pioneer, with close to 20 years in business, so it has been part of shaping the industry. OX2 is developing, building and operating wind and solar parks with a high level of bankability.

We are bringing in Romania extensive expertise and a profitable business model, proposing turn-key projects which attract both international and local investors. Here, we have a strong development portfolio as we managed to reach almost 600 MW in just two years. Our current focus is on onshore wind technology, but the plan is to gradually

add in Romania other technologies to the project development portfolio – offshore wind power, solar power and energy storage. Our business model is to start new projects when previous ones are completed. Thus, OX2 Romania aims to make an important contribution to achieving the country's decarbonisation goals by 2030, and our projects become a strategic component in Romania's effort to strengthen energy independence and security.

The renewable energy sector is going to be the major investor in Romania's energy, however, there are still sources of concern that threaten to keep investors away. The unpredictability of the legislation and taxation, the long permitting process and the difficult access to the national grid are some of them. There is also a restriction on the construction of photovoltaic and wind farms on agricultural land of more than 50 hectares in non-urban areas.

**2. OX2 entered the Romanian market in 2021. What attracted the company to invest in the Romanian renewable energy sector? What are the key projects and what regions do they cover?**

Romania has become an attractive market for investors in the renewable energy sector. The country is rich in resources – wind, sun, nuclear energy, geothermal energy. There is a strong commitment of the Government to support the transition to renewable energy in order to reach the net zero emissions target by 2050, aligned with the EU strategy and solid funds are available to support such an ambitious target.

We see a lot of potential locally and we are looking forward to bringing along our know-how and experience to Romania's benefit. After all, we do what we know best - powering the great shift.

We currently have under development four projects in the region Galati – Braila – Constanta. The most advanced one is in Galati, with a 99 MW capacity. It will be ready for the start of the construction phase (Ready to Build) and will become operational at the end of 2025. The project is in the final phase of equipment acquisition, PPAs, banking financing and takeover by an investor.

Two other projects should reach the ready-to-build status next year. Our plan is to start new projects as soon as the previous ones are completed and sold.

We are looking at projects that create jobs locally especially in the development phase, and we are pleased that the local authorities understand the added value that we bring.

**3. What are the main challenges and opportunities you see in the Romanian renewable energy market? How would you describe the current regulatory environment for renewable energy projects in Romania? Are there improvements needed?**

Every company needs stability and predictability in the markets in which it operates in order to grow its business. In the energy sector, which is so dynamic and effervescent at the moment, including in Romania, these two elements are all the more important because such a business involves

several players and trust is needed. OX2 develops, builds and sells onshore and offshore wind farms and solar PV farms, and for this it needs clear legislation, infrastructure and investors - meaning an ecosystem, much of which can be found today in Romania. Though, as already mentioned, much remains to be done on permitting times and grid access, but also on the labour market, which should be ready to keep pace with the increasing level of investment in the sector. Also, introducing additional limitations after projects have started only contributes to this slowdown in the renewables sector.

Obviously, there are things to be worked out, but the good news is that Romania is a market with great potential that has set itself important goals in terms of the transition to clean energy. Steps are being made to regulate long-term energy contracts, and work is underway to establish a legislative and fiscal framework for the development of offshore wind energy.

**4. What is your perspective on the investment climate in Romania for renewable energy projects? How do you collaborate with local stakeholders, communities, and authorities to ensure successful project development?**

As we see it right now there are areas where improvement is needed. This can be done, through an open dialogue between the authorities and the business environment. We are always eager to share our views and to offer our perspectives in order to unlock possible bottlenecks and move things forward.

Just to give some examples – when it comes to CfDs, we agree with the Romanian Wind Energy Association (RWEA)'s position which signalled the lack of the CfD contract model and the lack of the secondary legislation which completes the primary legislation. At this stage we also don't know what are the phases of the CfD mechanism or the tenders' timetable, so more clarity is needed here in order to see a real progress.

The associations also signaled several issues regarding Law 254/ 2022, which changes and completes Land Law 18/ 1991. Law 254 seeks to simplify the permitting



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procedures of renewable projects developed on land exceeding 50 hectares. However, the developers of renewable energy projects are dealing with a contrary interpretation of Law 18, with representatives of the Agriculture Ministry refusing to accept changing the destination from non-urban to urban areas for pieces of land with surfaces larger than 50 hectares. The Competition Council analysed the situation and recommended the Agriculture Ministry take the necessary measures in order to permit PV and wind projects on unincorporated agricultural land (quality classes III, IV, V) irrespective of the surface.

In conclusion, while we bring in new business, high bankability projects and investors we hope to see a higher level of coordination with the authorities in areas of common interest.

## **5. Sustainability is a key aspect of OX2's business model. How does the company approach sustainability in its operations?**

Our sustainability approach is based on four strategic focus areas a foundation for good governance, which includes business ethics and responsible value chain; Climate and nature contribution, which includes biodiversity, GHG emissions and circular economy; sustainable leadership and here we look at health and safety, diversity and inclusion and employee well-being; local engagement, with focus on community involvement and positive community contributions.

OX2's long-term sustainability targets far 2030 are: increasing renewable energy production and reducing emissions; becoming a leader in health and safety and delivering nature positive wind and solar projects.

OX2 is committed to making the workplace as safe as possible for employees, contractors and all our stakeholders.

## **6. What trends do you observe in the Romanian renewable energy market, and how does OX2 adapt to these trends? Do you intend to leverage EU funding and initiatives, such as the National Recovery and Resilience Plan, for its projects?**

We are witnessing a growing interest in the local energy market, with new projects being announced continuously. However, I believe that only 10% of them will be strong enough to break through and be completed.

Only top-quality projects will break through: those with a high bankability rate, with a great wind resource and a fair connection price. Ethics are also of high importance. OX2, as a company listed on Nasdaq Stockholm Stock Exchange, pays a lot of attention to the projects' ethics, with a focus on integrity and compliance.

As far as the EU funds are concerned, of course, they are an option, but for the time being we see a low rate of private projects accessing EU funds.

## **7. The war in Ukraine and geopolitical tensions in the Middle East have created uncertainties in global markets. How will these events impact the energy market in 2024?**

The wars usually bring us together and determine us to find solutions for the most complex problems. In this case, our biggest challenge is to secure energy independence. Even before the invasion of Ukraine, investment in renewable energy was forecast to be high, but as a consequence, many EU countries increased spending, and the EU has stepped up efforts to accelerate the great shift. So we expect this effort to continue in the coming years.

Uncertainty and instability will most probably generate high energy prices, more expensive raw materials and discontinuities throughout the supply chains.