



Iberdrola Plans World's Largest Wind Farm in Romania (Update3)

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By Todd White and Jeremy van Loon

April 19 (Bloomberg) -- Iberdrola SA won approval to build the world's largest onshore wind-energy project in Romania, requiring at least \$2 billion in investment through 2017.

The Spanish utility said today it acquired rights from the Romanian government to build 1,500 megawatts of capacity. That's almost five times the power coming from Europe's largest wind complex and triple what's proposed offshore Massachusetts in a project opposed by the late U.S. Senator [Edward Kennedy](#).

Iberdrola, which became the world's biggest wind-farm owner by using government incentives and charging above-market electricity rates for clean energy, now operates in 10 markets including the U.S. and U.K. The Romanian mega-park, near its operations in neighboring Hungary, may extend the Spanish company's lead over second-ranked wind producer FPL Group Inc. of Florida.

Romania generates much of its electricity by burning oil and gas, which can be easily scaled back during a windy day to allow for surges of power from windmills, said [Will Young](#), a wind energy analyst at Bloomberg New Energy Finance in London.

"That makes Romania an attractive market," Young said today in an interview. "Romania has relatively high power prices and flexible energy generation that allows power producers to feed in electricity easily."

Additionally, the government may approve a law later this year to double the number of "green certificates" eligible for wind power and boost the total price per megawatt-hour by 25 percent, Young said.

The company's Iberdrola Renovables SA renewable-energy unit plans 50 Romanian wind parks that would supply the equivalent of almost 1 million homes, it said in a [statement](#). The project amounts to a third of the new wind power Iberdrola plans for Eastern Europe, after investing 100 million euros there in 2009.

Black Sea

The average cost to buy and install wind turbines around the world is about 1.3 million euros (\$1.75 million) a megawatt, according to New Energy Finance. Using those figures, Iberdrola's Dobrogea project in southeastern Romania on the Black Sea would cost more than \$2 billion.

A spokesman for Iberdrola Renovables in Spain, who declined to be identified in line with company policy, wouldn't comment on the investment needed.

Iberdrola's total net investment last year was 2.06 billion euros, the company said in a February presentation to investors. Iberdrola has a "flexible approach to investment" and has only committed to spend 9.6 billion euros of the estimated 16 billion-euro net investment planned through 2012, the company said at the time.

Turbine Prices

Prices for turbines fell about 18 percent last year and wind farm operators like Iberdrola are benefiting from the lower costs, said New Energy Finance's Young. European Union policies to help reduce dependence on fossil fuel-based power generation are also an incentive for the project, he

said.

Iberdrola reported installed capacity at the end of last year of about 44,000 megawatts, of which natural gas-fired plants account for 30 percent, renewable energy 25 percent and hydropower stations 23 percent. Iberdrola Renovables plans to increase its installed capacity to 16,000 megawatts by 2012 from 11,294 megawatts at the end of March.

Like FPL, Iberdrola has grown to be one of the world's largest investor-owned utilities partly because of rapid expansion in wind energy. Wind and biomass are typically the cheapest sources of renewable energy and plants using them can be built faster than large-scale solar or geothermal installations.

FPL, China

The company, ranked by megawatts of wind-energy in operation, is followed by Juno Beach, Florida-based **FPL** and China Guodian Corp. of Beijing, according to Bloomberg New Energy Finance.

Iberdrola's American depositary receipts in the U.S. fell 11 cents to \$34.70 as of 5:10 p.m. New York time.

The Dobrogea complex will dwarf Whitelee, Europe's current record-holder, a 322-megawatt wind installation near Glasgow that is owned by Iberdrola's Scottish Power unit. Whitelee is scheduled to be expanded to about 600 megawatts in a few years.

The Cape Wind offshore wind project in Nantucket Sound would have capacity of 420 megawatts. The project, proposed by Energy Management Inc., has been fought by Kennedy, whose family owns a compound on the shores of Cape Cod.

Iberdrola's Romanian partner is Eolica Dobrogea. That company, part-owned by Swiss engineering firm **NEK Umwelttechnik AG** and C-Tech Srl. and Rokura Srl., both Romanian, will secure building permits, Iberdrola said.

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