

Czech CEZ picks GE for Romanian wind project

PRAGUE (Reuters) - Czech power group CEZ said on Monday it signed a contract with General Electric to supply wind turbines for its 600 megawatt, 1.1 billion euro (\$1.6 billion) project in Romania -- the largest of its kind in Europe.

The planned two-stage wind farm will be around twice the size of the next biggest onshore wind farm in Europe and marks one of the largest recent foreign investments in European Union newcomer Romania.

Just over half the wind park is expected to come on line in 2010 and the rest a year later. GE is supplying the turbines for the initial stage.

GE will also supply 101 turbines for the second stage of the project that will generate 252.5 MW of the farm's planned total output, CEZ said in a statement. The wind park is aimed at offsetting emissions from CEZ's dirtier coal-fired power plants.

Eastern Europe, which relies mainly on coal and nuclear energy for its electricity production, is lagging behind its western neighbors in meeting EU renewable energy goals.

CEZ, central Europe's largest listed company, aims to boost spending on renewable energy due to an EU climate package proposal expected to push up costs for productions from fossil fuels starting in 2013.

The bloc wants 20 percent of its energy sourced from renewables by 2020, from under 10 percent now. It also wants to reduce dependency on Russian gas imports, particularly after recent tension over gas supplies between Russia and Ukraine.

Investors are drawn to Romania where they find a sympathetic ear from government eager for renewable power plants to bring them closer to EU goals while at the same time replacing outdated communist-era energy infrastructure.