INTERNATIONAL SOLAR ALLIANCE FOUNDING CEREMONY
CURTAIN RAISER
13 NOVEMBER 2017, INDIA PAVILION, COP23, BONN, GERMANY

Pool Risks to Push Clean Energy
Common Risk Mitigation Mechanism
Roadblocks to Investment

- Offtaker risk
- Political risk
- Foreign exchange risk
- Risks plaguing RE investments
- Equipment quality concerns
- Currency incovertibility risk
- Cost overrun risk

There are no off-take risk mitigation instruments dedicated to RE.

The existing instruments burden both issuers and users with high transaction costs and complex application processes causing prohibitive delays.

Existing risk-mitigation instruments do not cater to specific roadblocks faced by private investors.
Mechanics of De-Risking

- The guarantee will cover portfolios of projects for 100% of the non-project related risks
- The platform will be used to manage the interface between the guaranteed portfolios and the reinsurers, creating the multi-stakeholder benefits
- The platform will create a marketplace for insurers and reinsurers to receive the most competitive insurance pricing
- Capitalisation of the guarantee will create the pipeline for claim clearance
De-Risking Delta

Levelised Cost of Energy (¢/kWh)

- Equity Return
- Interest
- Tax
- Opex
- Capex

Current
Financial Optimisation
Supply Chain De-risking
Future

Conserving Now, Preserving Future

Ministry of Environment, Forest and Climate Change
Government of India
Key Benefits

- Leadership
- Harmonisation
- Transparency
- Afordable Power
- Larger power supply
- Simplification of tenders
- Compliance with international commitments

- Transparency
- Standardisation
- New markets
- Growth of volumes
- Reduction of uncertainty
- Simpler risk management
- Simpler refinancing

- Transparency
- New asset class
- Cash flows certainty
- Simplification of investment
Necessary Conditions for Success

• Diversified number and nature of market participants to ensure a genuine ‘competitive effect’

• Claims managed effectively and provided the required amount of liquidity for PV projects and lenders

• Large-scale commitments secured from developers to create a strong pipeline

• CRMM guarantee recognised by the investor market to lower insurance cost

• High investment-grade credit rating

• Mechanism independent of political pressure
Geographical Coverage

- Proof of concept phase for 3 years
- 15 GW in over 20 countries on a voluntary basis
- USD 15 billion of investment at current and forecasted rates
- Capitalisation of ~USD 1 billion to be leveraged
- Coverage limited to countries where participating insurers and re-insurers operate
## Ramp Up & Next Steps

<table>
<thead>
<tr>
<th>Year</th>
<th>Optimistic case</th>
<th>Nominal case</th>
<th>Pessimistic case</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Guaranteed cumulative capacity (GW)</td>
<td>Capital required (MUSD)</td>
<td>Number of countries covered</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
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<td>5</td>
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<tr>
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<tr>
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<td>End of Pilot Phase</td>
<td>15</td>
<td>1,000</td>
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<tr>
<td>5</td>
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THANK YOU!

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