

FINANCING THE INVESTMENT GAP

How much is needed and how to bridge it



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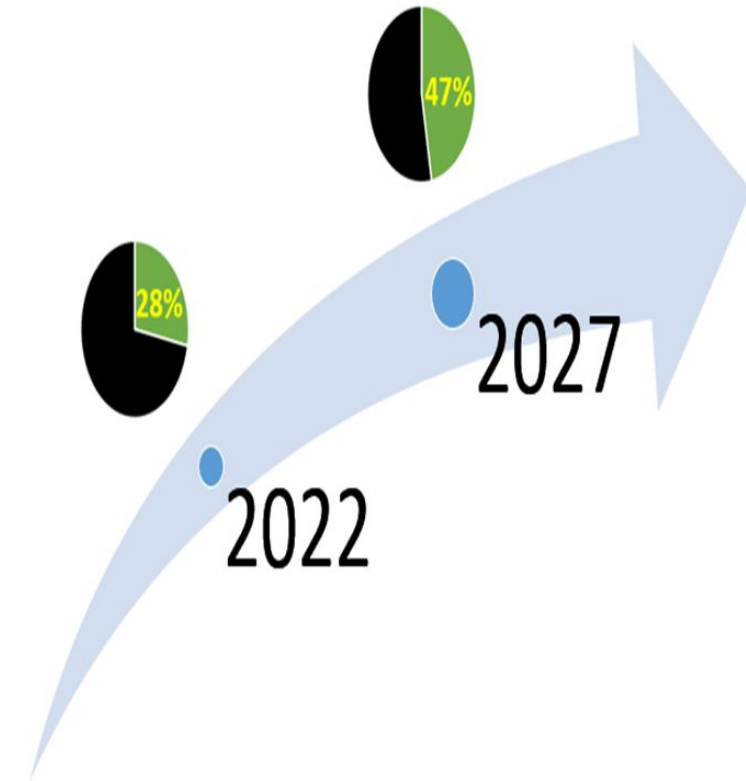
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What are we measuring?

- CSERMS Targets:
 - **2017: 20%; 2022: 28%; 2027: 47%**
- Energy Efficiency target **2027**:
 - **33% Energy Intensity Reduction**
 - **Estimates will target Electricity sector; 20% GWh savings by 2027**
- Caveats:
 - Installed Capacity as a Proxy for Generation
 - Variable RE capacity installed \neq Baseload capacity w/o storage
 - Simplified analysis, lumpy investments
 - EE target based on energy intensity reduction





High-level RE Gap Estimates & Cost

Year	2022	2027	
CARICOM C-SERMS RE Target	28%	47%	
RE Capacity Target	1,645.5	2,903.0	MW
Gap RE capacity for target	1,091.9	1,257.5	MW
Estimated Geothermal Energy Investment	246	246	million USD
Estimated Investment (PV, Wind, Hydro) Low Scenario	3,398	3,832	million USD
Estimated Investment (PV, Wind, Hydro) High Scenario	4,779	5,389	million USD
Total Investment - Low	3.6	4.1	billion USD
Total Investment - High	5.0	5.6	billion USD



High Level Estimates of Financing the Gap

RE Plant Investment:

- Estimate next 10 years= **[low]** \$8 **to** **[high]** \$11 billion
- Other Costs:
Infrastructure & Implementation costs - ADD 10%

Rough estimates for RE are already > \$10 billion!

- Include 20% EE target by 2027 (electricity sector): approx. \$ 4 billion (today)

We are not too far from \$20 billion estimates!



Financing to Bridge Gap

- **Private Sector - key**
 - Typical Debt: Equity - 70:30
- **Developmental/concessional financing**
 - Multilaterals
 - Donors/bilateral
 - Financial Intermediaries - Development Banks
- **Commercial banks**
 - Lower perceived risk
 - May benefit from Partial Risk Guarantee Schemes





Concessional Financing RE/EE

- Green Climate Fund resources: \$10 billion announced/signed
 - 50% available for Mitigation; Sustainable Energy eligible
- Adaptation Fund
- EDF 11/EU-CIF resources
- UK-CIF for infrastructure includes RE
- UK-DFID - SEEC and Geothermal in OECS: RE/EE
- IDB/CDB Sustainable Energy Facility
 - IDB loan/CTF Contingent Grant/limited GEF grant
 - GCF, JICA possible
- EIB-Climate Action Line of Credit (CALC) –
 - interest rate subsidy, private/public
 - Financed CDB Street lighting Retrofit Product





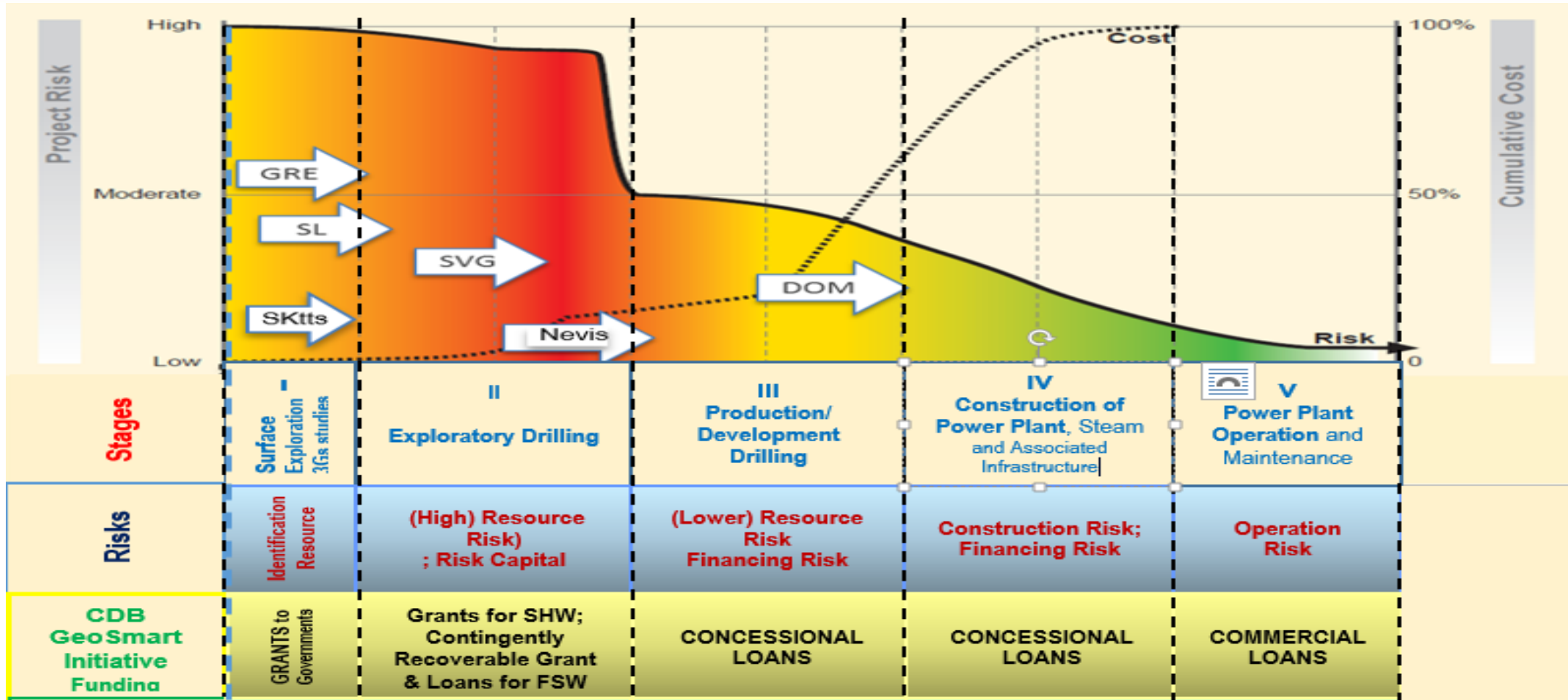
CDB GeoSmart Initiative

CDB-GSI: Mobilising any available and suitable resources for GE:

- Responds to need for risk mitigation in GE dev.
- **Resources address the specific risks at each stage of GE dev.**
- **Resources mobilized include:**
 - Technical Assistance grants
 - For investment:
 - grants (other development partners)
 - contingently recoverable grants
 - concessional loans
 - loans at market terms



Typical risk-cost profiles for GE dev. & appropriate resources



Source: ESMAP; & IDB/CDB elaboration



THANK YOU

