



Overseas Private
Investment Corporation

Overseas Private Investment Corporation

Understanding How OPIC Invests in Clean Energy Projects

**Renewable Energy and Energy Efficiency
Advisory Committee (REEEAC) Meeting**

December 1, 2016

Nadia Rhazi Khawar

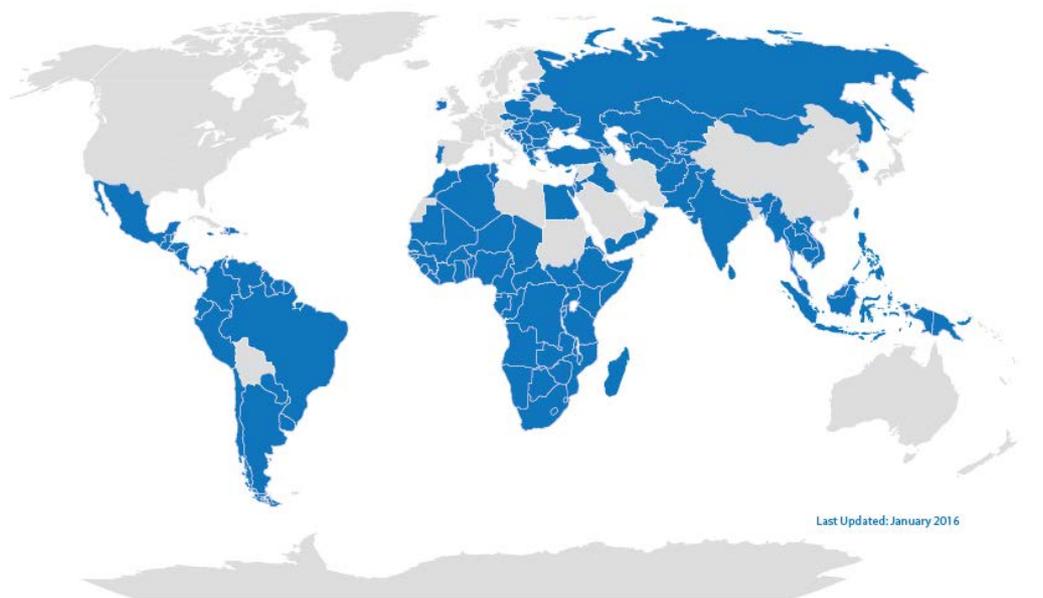
Nadia.Rhazi@opic.gov

202-357-3912



Our Organization

As the U.S. Government's development finance institution, OPIC mobilizes U.S. private capital to help address critical development challenges and in doing so, advances U.S. foreign policy and national security priorities.



OPIC currently manages a \$21.5 billion portfolio of projects in more than 100 countries and operates on a self-sustaining basis at no net cost to the American taxpayer.

Our Products

Debt Finance

- Limited recourse, long-term finance for private sector, commercial projects
- Loan amounts up to \$250M per project
- Specific programs for providing finance to small-and-medium-sized enterprises

Political Risk Insurance

- Protection against currency inconvertibility, expropriation and political violence, including terrorism, as well as other specialized coverage
- Policy coverage up to \$250M per project, up to 20 year term
- Fixed premium, cancellable only by insured

Investment Funds

- Senior debt for private equity funds selected by competitive process
- Investment decisions made independently by selected fund managers
- Provide up to \$250M with bullet repayment, zero coupon structure

OPIC Renewable Energy Highlights



Since 2010, OPIC has:

- Committed over \$7.7 billion to clean energy projects with a total potential capacity of approximately 3,400MW.
- Supported more than 90 renewable energy projects across the developing world in 40 countries.



Types of Clean Energy Solutions OPIC Supports



The solutions vary and will depend on the attributes of the market.
Each project has its own solutions

Energy Efficiency Solutions

- Low cost, immediate, energy savings solutions
- Private sector: residential, commercial, & industrial buildings
- Public sector: office buildings, hospitals, schools, streetlights

Distributed Generation

- Self-generation both on-grid and off-grid
- System sizes range by building, village, or region
- Varied technologies for residential, commercial, industrial

Utility Scale Generation

- Grid connected for large scale energy usage
- Offtaker purchases from Independent Power Producers
- Energy mix is key to optimizing the system

Project Traits Common to Project Success



- Sponsor with a proven track in project implementation in the same sector
- Equity identified and available for potential cost overruns
- Well-planned implementation strategy
- Well-developed, professional financing model
- Well-managed development costs and OPEX



- Bankable PPA with fair and appropriate risk sharing
- Capable EPC with financial capability to back warranties and proven technology
- Strong resource evidenced by credible resource studies
- Creditworthy/Quality offtakers or customers
- Historic respect for sanctity of contract
- Mitigated currency risk



Determining a Project's Eligibility



In order to qualify for OPIC programs, the Project must have the involvement of a US party. The following tests are applied:

TEST #1: Is a Sponsor deemed a US party? It is US if it meets the following criteria:

- It is a US-domiciled entity that is at least 25% US owned.
- It is a foreign-domiciled entity that is at least 50% US owned.
- It is a citizen or US green card holder.

TEST #2: Will the US Sponsor have long term involvement in the Project? The Sponsor is involved if:

- It holds directly or indirectly a minimum 25% of the shareholder equity, and will hold such equity through the OPIC disbursement period.
- It provides long term debt equivalent in amount to a minimum 25% of the shareholder equity, and such loans will be outstanding through the OPIC disbursement period.
- It will have long term contracts with the Project Company (e.g. O&M contract, Licenses) that aggregate through the contract period (e.g. 10 years) to an amount equivalent to a minimum 25% of the shareholder equity.

General Terms for Renewable Energy Projects

- **Loan products:** USD-denominated direct loans or guarantees
- **Loan amounts/leverage:** Up to 75:25 debt to equity ratio, up to a maximum \$250 million
- **Tenor:**
 - For utility scale: Up to 20 years (allowing for 2 year tail with PPA)
 - For off-grid transactions: Repayment period dependent upon revenue model and any contracted cash flows
- **Grace Period:** on principal only, during construction/installation period plus 6 months
- **Amortization:** Straight-line or sculpted to a defined Debt Service Coverage Ratio
- **Repayment Period:** Quarterly
- **Collateral Security:** Dependent upon project size and complexity. Highest standard: Lien on all project assets, assignment of key agreements, debt service reserve account, pledge of shares.

OPIC



www.opic.gov



Overseas Private Investment Corporation