GET FiT Programme
Scaling-up renewable energy in developing countries

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Passion to Perform
A number of barriers typically constrain renewable energy scale-up in developing countries...

1. Are renewable energy technologies cost-competitive with traditional electricity generation technologies and/or are incentive programs in place to level the playing field?

2. Is there a stable grid that a renewable energy project could connect to? Are grid data readily available to developers from utilities? Are there incentives in place to encourage utility information sharing with independent power producers?

3. Do utilities and/or local project developers have experience working with feed-in tariff policies, power purchase agreements (PPAs), and/or standard offer contracts?

4. Is the risk-return profile attractive for equity and debt investors? Are risk-mitigating measures in place for the major risk categories?

Source: DB Climate Change Advisors.
…necessitating a set of strategies to overcome these barriers

- Direct financial incentives, such as FiTs, to level the playing field with conventional generation providing IPPs with sufficient returns
- Proving techno-economic feasibility through pilots
  - Technical assistance for local market players and for local government to analyze renewable potential
  - Incentives for utilities to provide high quality grid data as a basis for renewable energy project development
- Stable and transparent policies that provide financiers with Transparency, Longevity, and Certainty, such as FiTs
  - Grant funding/financial support for feasibility studies
- Risk mitigating instruments: guarantees to mitigate counterparty risks, political risk guarantees and currency hedging instruments
- Capacity building for local banks
  - “Streamlined” process for projects approvals by government agencies and utilities

Source: DB Climate Change Advisors.
Feed-in tariffs have supported renewable energy scale-up in countries at different stages of development

*Feed-in tariffs are in place in ~28 developing countries; designs and impact vary widely*

*FiTs supported 75% of global PV capacity and 45% of global wind capacity through 2008 – they create markets for renewable energy*

Source: DB Climate Change Advisors.
The GET FiT programme aggregates public finance, risk mitigation strategies, and technical assistance.

Source: DB Climate Change Advisors.
The GET FiT solution can be used to address three different types of projects

**Targeted GET FiT Support**

- **Advanced Feed-in Tariffs**
- **Lighthouse Power Purchase Agreements (PPAs)**
- **Mini-grids for Off-grid Applications**

**GET FiT Solution**

- Provide supporting payments for above-market premiums for renewably produced energy through advanced feed-in tariff designs that target on-grid, commercialized, renewable resources.
- Use power purchase agreements as a pre-FiT regulatory mechanism in countries that face grid integration constraints, or for technologies that have a limited in-country track record.
- Adapt FiT design principles to create performance-based incentives for decentralized multi-user energy generation, especially mini-grids, in rural areas with limited grid infrastructure.

*Source: DB Climate Change Advisors.*
The GET FiT programme works with partners to create markets for renewable energy in developing countries.
GET FiT Plus expands the set of public financing mechanisms used

Considered public financing mechanisms

Closing the gap between LCOE of renewable energy and the target LCOE

Reducing the LCOE of renewable energy

Addressing equity financing component
• Performance based incentives, FiT premia

Addressing debt financing component
• Political risk guarantees
• Counterparty risk guarantees
• Public First Loss, Mezzanine or Co-investments

Addressing capex/depreciation component
• Concessional financing
• Upfront investment subsidies

GET FiT

GET FiT Plus

Source: DB Climate Change Advisors.
GET FiT can bring down costs, and is most effective when all tools are used.

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<tr>
<th>Required financing for 1 GW of PV capacity</th>
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<tr>
<td>Base Case</td>
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<tr>
<td>LCOE $US/KWh</td>
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<th>Required financing for 1 GW of PV capacity</th>
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<tr>
<td>Political risk guarantee volume</td>
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<td>Concessionary financing volume</td>
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<td>Upfront investment grant</td>
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<th>Premium to be funded above avoided cost rate</th>
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<td>Upper end</td>
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(1) Counterparty risk guarantee volume not shown as maximum exposure not meaningful
(2) LCOE target range of 6-10 c/kWh, NPV of required FiT premium payments discounted at 6%
(3) Debt/equity split kept stable at 70/30 in upfront investment grant scenario

Source: DB Climate Change Advisors.
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