



Standardized Financing Initiative for Medium Scale Renewable Energy Transactions



Dii

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- Introduce a set of documents supporting medium scale renewable energy transactions in the MENAT region
- Simplify the process as much as possible
- Provide general guidelines designed to assist developers and lenders in understanding the credit process and financing and to thus reduce transaction costs at this scale
- Overall, accelerate the deployment of renewable energy projects, assisting Associated Partners and the market in general

Dii plays an active part in the TWI programme

- Global Solar Energy Standardisation Initiative implemented by the Terrawatt Initiative together with IRENA
- Dii joined TWI as a member of the review committee in July 2018 in order to participate in the review and implementation of the finance agreements
- TWI working towards a release date by mid-October for the review process
- Following the review process, Dii to become an “Associate” member which will enable Dii to represent its members at TWI

Marketing Approach

- Initial discussions with key players in the sector suggest a standardised approach at the small & medium scale level is beneficial and working with the Terrawatt Initiative will help gain more traction from the likes of international banks and government departments
- Dii will follow up this initiative with DFI's, ECA's, local as well as international banks, particularly those with limited experience in financing renewable energy transactions

Credit Proposal

Prepare a credit application with general guidelines:-

- **Country Overview** - political and economic situation, electrical demand & generation, governmental framework, strategies, policies and regulations
- **The transaction** – rationale, location, technology
- **Proposed financing structure** – funding requirements, project economics
- **Sponsors** – trading history, experience in sector and region
- **Risk factors and mitigants** – political & economic, technology, stress testing

Transaction Documents

Applying standard contractual documentation/guidelines:

- Power purchase agreement
- Supply agreements
- Finance facility agreement
- Direct agreements
- O&M agreement

- Objective is to introduce guidelines and documents for financing medium scale renewable energy transactions across the MENAT region and in so doing, simplify the process as much as possible and reduce transaction costs at this scale
- Given that there are initiatives already established providing a suite of documents, prepared and under review by a committee of large public and private sector key experts within the industry, it would make sense to include these as part of our Toolkit

- The added benefit of replicating already established practices is that as we reach out to the markets, they will be familiar with these key experts and are more likely to embrace our approach to this standardisation initiative
- The details of this initiative will be included in the Dii Toolkit, giving our stakeholders access for their reference and implementation



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**Thank You For
Your Attention!**

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