

Press release

New momentum for off-grid renewables: EUR 200–400 million for solar- and wind-diesel hybrid and storage projects with a focus on mines

THEnergy signs a contract with an international renewable energy finance company to support in the development of a pipeline for off-grid projects

Munich, October 2015 – A renowned international finance company has mandated THEnergy to build a pipeline of off-grid renewable energy projects. Its subsidiary is establishing an off-grid fund with a planned EUR 100–200 million equity to invest. The equity is scheduled to be invested within an investment period of three years. Taking into account additional debt capital on a project level the finance company expects a total investment of EUR 200–400 million. To speed up the investment process, the investor is considering financing the entire project with equity in a first step and refinancing it at a later stage. The finance company can even use an existing renewable energy fund that is successfully investing in renewable energy assets in many countries, to acquire off-grid projects even before the new fund is established.

“We are looking at developed projects, but would also like to address intensive energy users that are not connected to the grid, source their energy from diesel power plants and are interested in decreasing their electricity bill,” explains Dr. Thomas Hillig, founder of THEnergy. One of the main barriers for diesel displacement projects with wind and solar was very substantial capex, which means that the energy bill had to be paid in advance. The fund will act as an independent power producer (IPP) and offer power purchase agreements (PPAs) to intensive energy users. In the past, the finance company has issued renewable energy funds that focused on investing in grid-connected projects, including PPAs for commercial consumers.

The fund has a global scope and the installations are supposed to be in off- or weak-grid areas. Mines and large, remote industrial customers have been identified as the main investment targets. The minimum investment is EUR 3 million with the sweet spot being EUR 10 to 15 million per project. The finance company estimates a double-digit return, with expectations varying for different countries, currencies and off-takers.

With the involvement of external investors, for mining companies and other energy-intensive off-takers, renewable energy becomes a standard electricity product that can be sourced in the same way as traditional energy – that means without initial investment costs into generating plants. THEnergy has already predicted this development in a study that was released in December 2014. “External financing of solar, wind and storage solutions at off-grid locations allows industrial off-takers and financial players to focus on their core competencies. In the near future, we will see many more off-grid renewable energy applications,” adds Hillig. An additional advantage is that external investors can reduce the relatively high off-taker risk at remote locations by financing several projects in a portfolio.

The study “Solar-diesel-hybrid power plants at mines: Opportunities for external investors” can be downloaded at

<http://www.th-energy.net/english/platform-renewable-energy-and-mining/reports-and-white-papers/>



About Dr. Thomas Hillig Energy Consulting (“THEnergy”)

THEnergy assists companies in dealing with energy-related challenges. Renewable energy companies are offered strategy, marketing and sales consulting services. For industrial companies THEnergy develops energy concepts and shows how they can become more sustainable. It combines experience from conventional and renewable energy with industry knowledge in consulting. In addition to business consulting, THEnergy advises investors regarding renewable energy investments in changing markets. It is also active in marketing intelligence and as an information provider in select fields, such as renewables and mining, through the platform th-energy.net/mining or renewables on islands through the new platform th-energy.net/islands.

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