

SASEC Power System Expansion Project Grid Connected Solar Project Development

By:

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Project Background

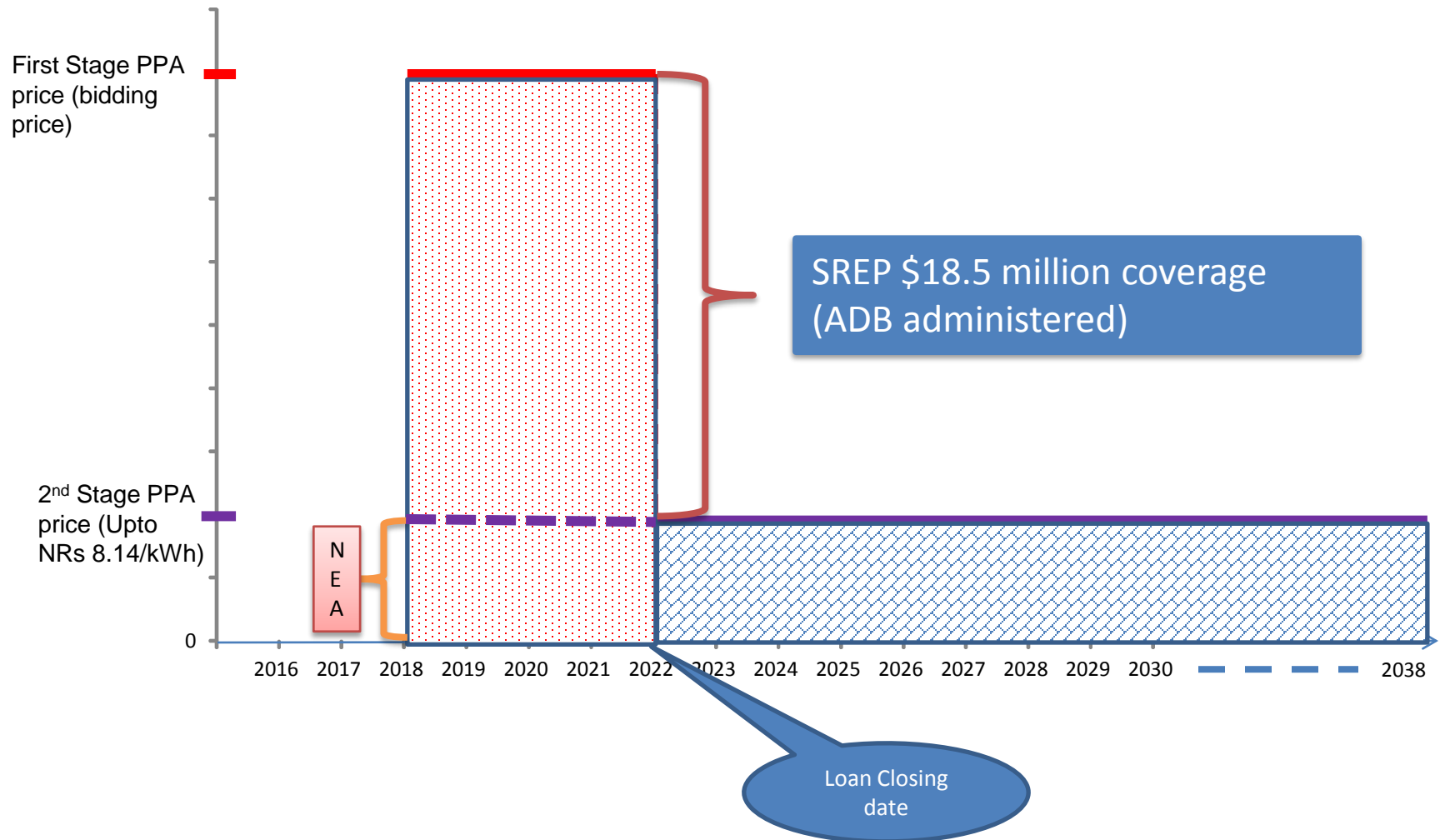
– Key Figures- SASEC Power System Expansion Project

- Approval date: 4-Jul-2014
 - Project closing date : 30-Jun-2022
 - Time remaining: **74 months**
 - Total project cost \$440 million
- \$180 million ADF loan + \$120 million EIB loan + \$ \$60 million Norway Grant + \$11.2 million SREP grant (at the time of approval)
- Executing agencies: NEA (On grid component), AEPC (Off grid component)

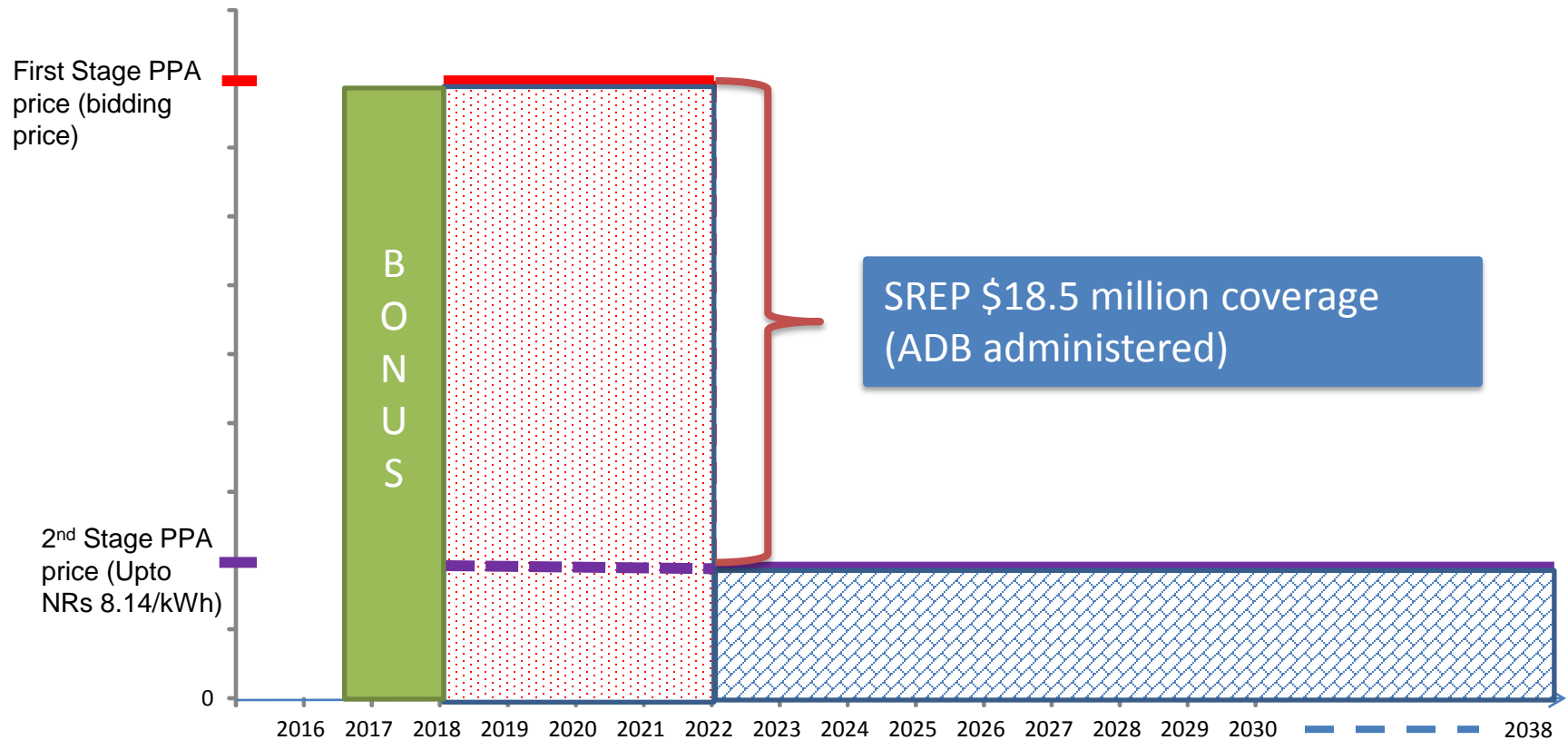
The Proposed Grid Connected Solar Project

- Additional financing to ongoing SASEC Power system Expansion Project (Proposed- yet to be approved by ADB Management)
- \$20 million grant from Climate Investment Facility/Scaling Up renewable Energy Project (SREP) for the project
 - Investment Plan approved by SREP Sub committee
 - Grant will be administered by ADB
- Proposed executing/implementing agency for solar grid connected sub project : NEA
- Solar installations will be developed through a competitive tendering process
 - Power Purchase Agreement (PPA) awarded on the basis of best off-take price.
 - The PPA off-take prices will be the basis for the viability gap funding provided as front-loaded PPA payments until June 2022-the loan closing date;
 - Remaining PPA period will have fixed tariff set at NEA's solar tariff.
- Out of \$20 million, \$18.5 million will be used as VGF and \$1.5 million for technical assistance for implementation.

Project Finance Model

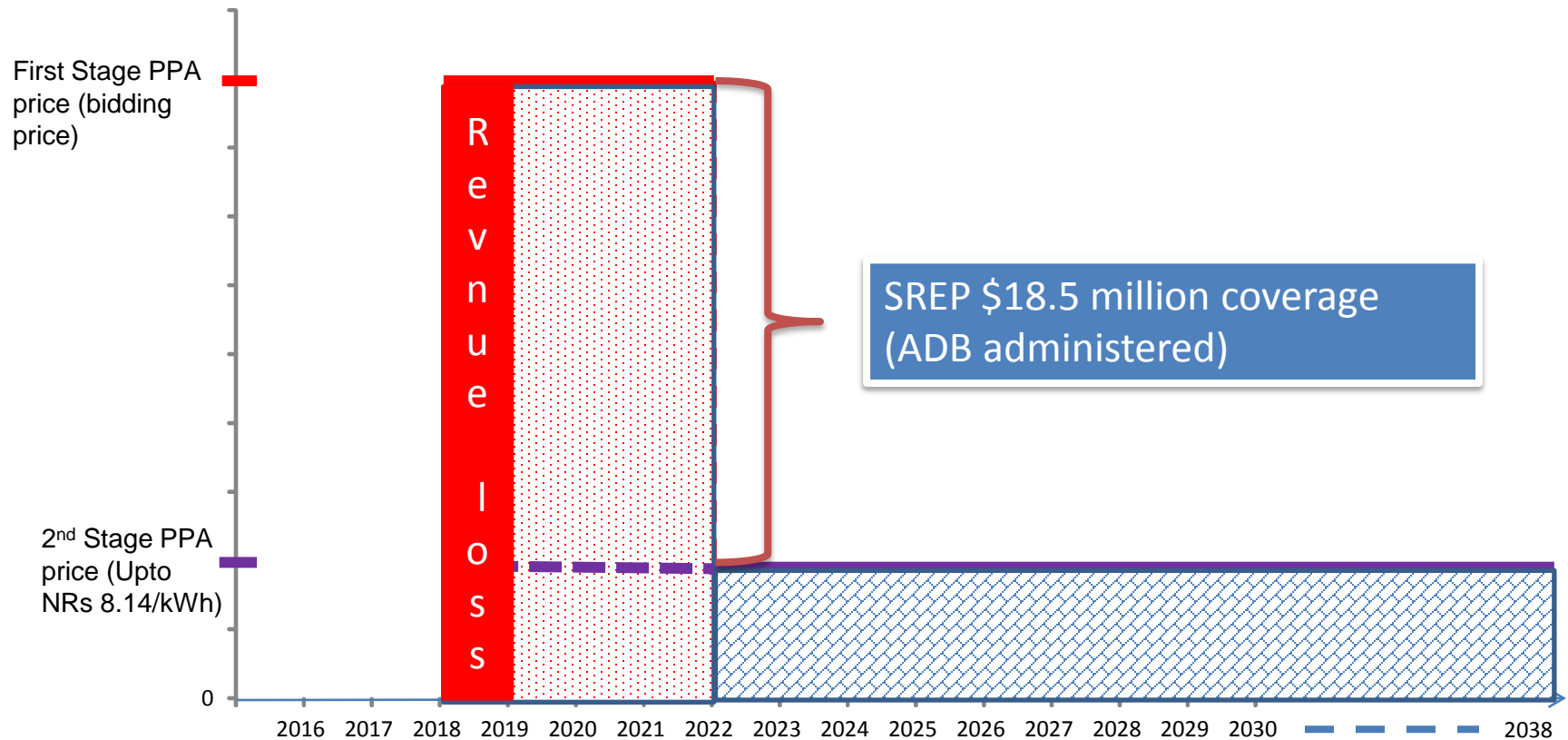


Project Finance Model



Earlier Commission: Longer bonus period

Project Finance Model

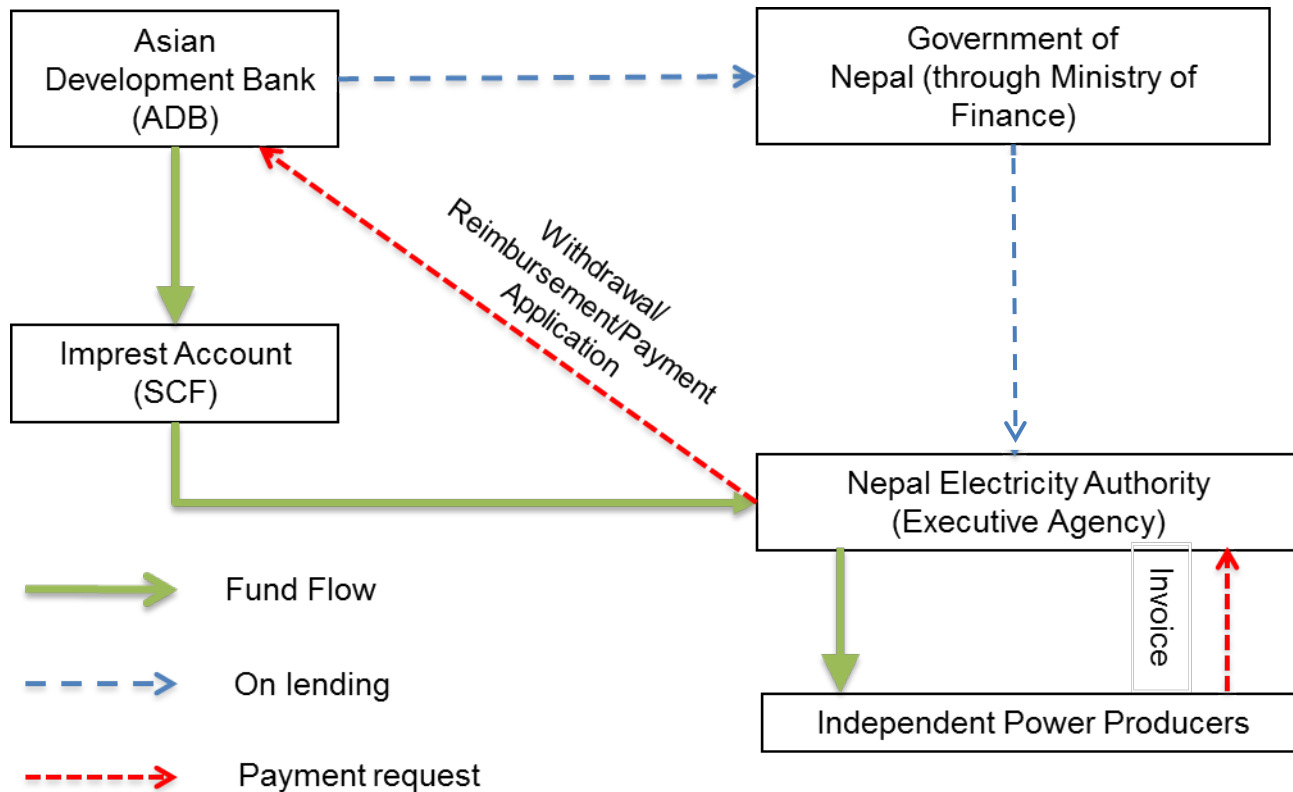


Delayed Commission- Revenue loss, less competitive

ADB's Specific Requirements:

- ADB safeguard framework to be agreed by NEA to ensure that any environmental and social issues are fully addressed in accordance with the government's regulatory requirements and ADB's Safeguard Policy Statement (2009).
- Procurement: In line with ADB's procurement guideline
- Strong focus on Performance Efficiency along with Price Competitiveness
- Strict contract performance

Proposed Fund Flow Arrangement



Next Step(tentative)

- Completion of Grid Impact Study: July 2016
- Approval of additional financing : 15 August 2016
- Issuance of Bid Docs : 31 August 2016
 - Bid submission time: 90 days
- Completion of Evaluation : January 2017
- Contract Award : February 2017

Thank you

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