

by Mason Wallick



Exclusive InfraCo Asia Developer

Infunde Development is responsible, on behalf of InfraCo Asia for project origination, prefinancial close project development, EPC management and financial structuring activities in Southeast Asia.

InfraCo Asia is a company of the Private Infrastructure Development Group a coalition of donors mobilising private sector investment to assist developing countries attain infrastructure vital to boosting their economic growth and combating poverty. InfraCo Asia is currently funded by three PIDG members - Australian Department of Foreign Affairs and Trade (DFAT), the Swiss State Secretariat for Economic Affairs (SECO), and the UK Department for International Development (UKAid).







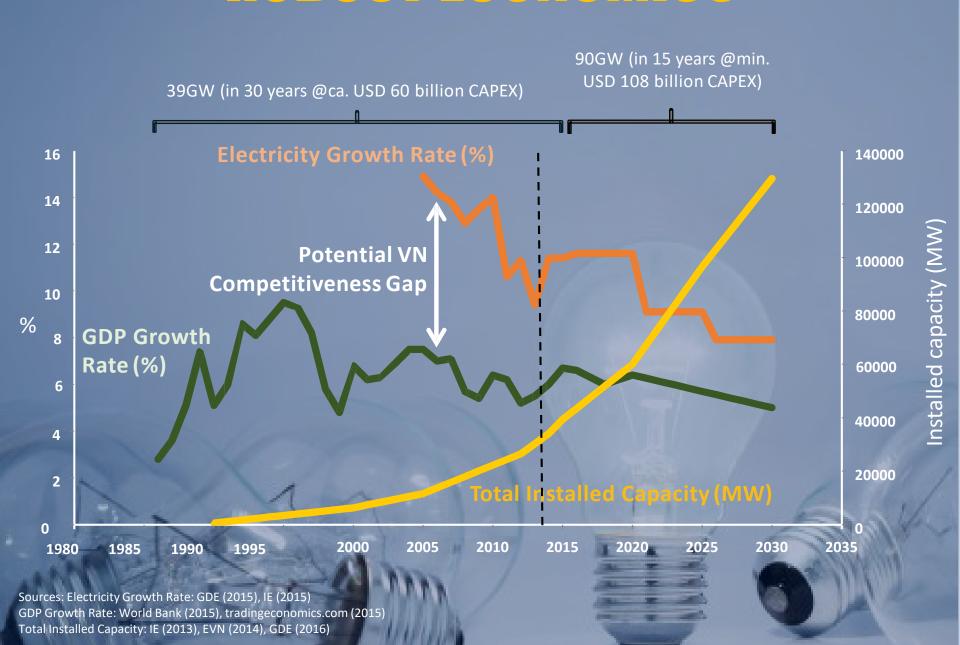
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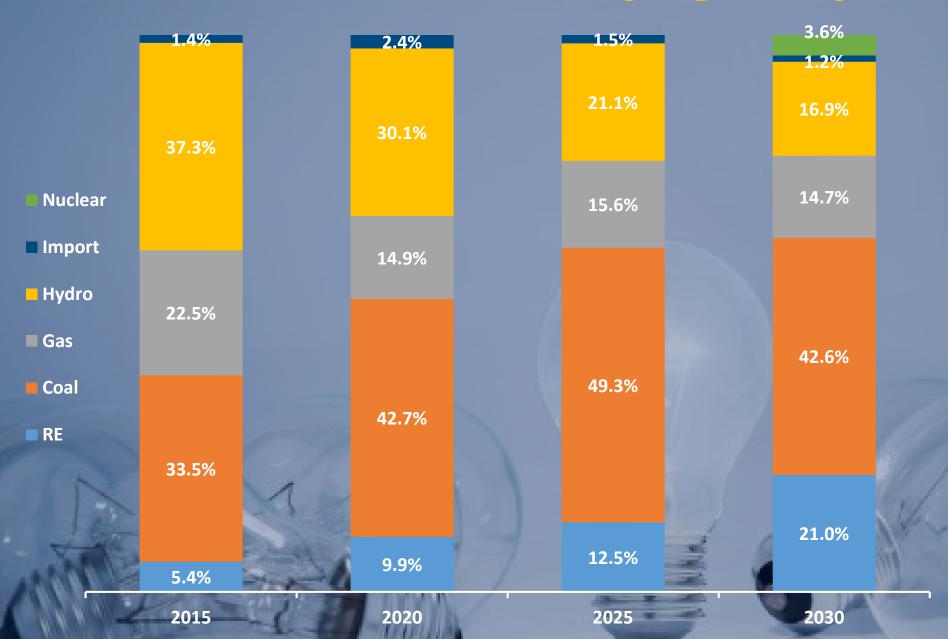




ROBUST ECONOMICS



RENEWABLE MARKET GROWING



HIGH RENEWABLE TARGETS



SIGNIFICANT WIND & SOLAR POTENTIAL

Biomass / biogas



8,500 MWExpected
Potential

375 MW Installed Current

8,125 MWCould be
Exploited and
Invested

Wind

164 MW

26,836 MW

Could be

Exploited and

Invested





000 MW 130,00 kpected Exper otential Pote

> 5.6 MW Installed Current

129,994 MW

Could be Exploited and Invested Small Hydropower



7,000 MW Expected Potential

2,143 MWInstalled
Current

4,857 MW
Could be
Exploited and
Invested

MSW





400 MWExpected
Potential

2.4 MW Installed Current

397.6 MW

Could be
Exploited and
Invested



350 MW Expected Potential

0 MW Installed Current

350 MW

Could be Exploited and Invested

IMPROVING REGULATORY REGIME

RE Sources	Supporting Mechanism	Price (US cents)
Solar PV	Feed-in-Tariff (FIT)	9.35c/kWh
Wind	FIT	7.8c/kWh
Small hydro-power	Avoided cost Tariff (ACT)	~5c/kWh
Biomass	FIT	7. 34 – 7.55c/kWh
Waste-to-energy	FIT	7.28 – 10.05c/kWh

Sources: MOIT/GIZ Support Program, May 2017

- FIT issued for both Wind and Solar
- Long term <u>Standard</u> Power Purchase Agreement (20yrs Wind & Solar PPA)

BANKABILITY ISSUES

A. Terms of PPA

- Contract term normally 20 years and can be extended
- No government guarantee for EVN's offtake's obligation
- Foreign exchange issue: conversion, remittance
- No change-in-law mechanism
- No termination payment for extended force majeure events leading to termination
- Lack of direct agreement or acknowledgement and consent signed between lenders and EVN
- Dispute Resolution: time costly procedures
 - ✓ Amicable discussion within 60 days;
 - ✓ Mediation at GDE; or
 - ✓ Decision 40: settlement by Electricity Regulatory Authority; unclear whether arbitration or court settlement in case of disagreement

B. Tariff

- Non-negotiable
- Participation of other sectors in the proposal and approval of amendment to the Tariff
- Unclear Tariff adjustment mechanism: current provisions do not take into account of CPI,
 PPI
- No tariff payment in case of force majeure events affecting the Grid System.
- Force majeure clauses are inadequate

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