

**Panel 1 discussion: Risk Mitigation associated with Renewable Energy  
Investment**

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1. Barriers to RETs investments
2. NamPowers role in managing risks for RE investment
3. Needs & Gaps in Risk mitigation



# Barriers to Renewable Energy Investment: Namibia



## Barriers of RE project sponsors

### Inherent barriers of renewable energy

- **Cost:** Capital cost intensive structures
- **Security of Supply:** No guarantee of supply
- **Inflationary risks:** if costs increase with inflations RE projects uneconomic
- **Transmission risks:** Force Majeure Event may affect transmission systems
- **Profit risks:** No guarantee in cashflow and no enforceable securities

- **Weak project developers** and lack of project experience
- **Limited financial management** capacity
- **Limited understanding** on RETs

## External barriers in the RE sector

- **Politics:** Regulatory and policy issues which favor conventional energy types.
- **Lack of tax incentives** to promote investment in RETs

## Financial Barriers to RE investments

- **Lack of funds**
- **Lack of RET knowledge** and interest to invest in RE
- **High collateral requirements**

## Managing Force Majeure Event

- If Party unable to fulfill obligations due to Force Majeure Event, affected Party shall be relieved from liability obligations (except payment obligations) and are entitled to suspend performance of obligations.
- Both parties shall take steps to overcome Force Majeure event to mitigate its effects on the ability of the affected to meet its obligations as sited in the PPA.
- Consultation will occur to develop and implement a remedial plan to minimize each Party's losses.
- Parties bear their respective costs resulting from the occurrence of the Force Majeure

## Renewable Energy Procurement Mechanisms

### REFIT Program

- Accelerates investment in RE
- Currently capacity 70 MW (14 IPPs at 5MW each)
- Tariffs offered over long period enough to recover costs

### Tendering

- Procured by competitive bidding
- Allows independent companies to invest in RETs
- Tenders to fulfill national requirements
- Opens the market to RE investment to the public
- Cheaper

# Needs and Gaps in Risk Mitigation



- Diversification
- Financing
- Expertise
- Quality of technology and availability of data on technological performance
- Availability of data on resource/weather pattern
- Proper policy implementation
- Risk analysis of current operational projects

**End**



**Thank You**