Panel 1 discussion: Risk Mitigation associated with Renewable Energy

Investment

By: PK. Iyambo

30 January 2018







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





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

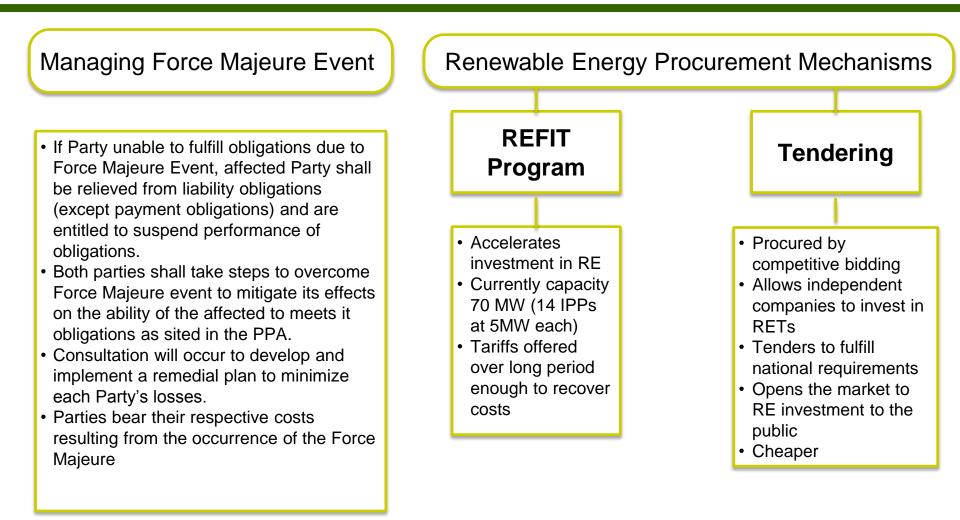
External barriers in the RE sector

- 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







- 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







Thank You