



Assessing Renewable Energy Power Purchase Agreements in Panama

Le Meridien Panama, 24 May 2018, Panama City, Panama

BACKGROUND

IRENA's regulatory component of the CECCA initiative has found that despite the deployment of wind and solar PV in Panama in recent years, project developers remain uncertain about existing and future investment incentives for these technologies in Panama. These concerns relate to a quickly saturating power market, limited abilities to trade into the regional market, and sub-optimal design of PPAs for wind and solar PV.

In this context, the regulatory component of CECCA is focusing on assessing solar and wind PPAs, as there appear to be limited investment incentives for variable renewable energy (VRE). Specific factors that appear to have a negative influence on investment behaviour for solar and wind relate to the compensation for curtailment and the calculation of PPA-related remuneration levels (VRE is currently given a zero value for firm capacity).

IRENA, in close coordination with the National Secretariat of Energy and in consultation with project investors and stakeholders, has developed a financial modelling tool to assess the investment incentives resulting from PPAs in Panama. This tool is tailor-made to evaluate the current Panamanian context, model the financial impacts from rule changes currently facilitated by the National Energy Secretariat; and allows for the modelling of rule changes which go beyond the current discussion in Panama.

Training on the tool will allow it to be used by a wider set of stakeholders in Panama, and help guide both investors and Panamanian decision-makers on the key challenges and potential solutions to designing bankable solar and wind PPAs in the country.

OBJECTIVES

Building on an understanding of the key design elements for bankable renewable energy PPAs, this meeting will provide an in-depth and comprehensive training on the use of the PPA assessment for wider use among renewable energy stakeholders in Panama.

At the same time, the training will help inform IRENA about how the tool can be further enhanced and optimized.



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Panama City, Panama

09:00 – 10:20

Opening Session on Renewable Energy PPAs

This session will provide an overview of IRENA's regulatory component under the CECCA initiative, with a focus on the key design elements of bankable PPAs, and the role of governments in the development and implementation of PPAs.

- **Scene-setting Presentation:** Hameed Safiullah, Program Officer, IRENA and Gabriel Zeitouni, Project Manager and Energy Specialist, COWI
- **Moderator:** Hameed Safiullah, IRENA
- **Panellists:** 1. Fernando Diaz, Director of Electricity, SNE, Panama
2. Moises Cano, Head of Wholesale Electricity Market, ASEP, Panama
3. Percy Garrido, Commercial Director, ENEL Green Power Latin America
4. Nanik Singh Castellero Regional Director, InnoVent Central America

10:20 – 10:40

Coffee Break

10:40 – 12:00

Introduction to PPA Assessment Tool

This session will provide an overview of the PPA tool and its capabilities. The presenter will walk the audience through all main steps for evaluating a wind or solar project: from the input of key data and assumptions to the extraction and evaluation of results.

Presentation: Gabriel Zeitouni, COWI

12:00 – 13:00

Lunch

13:00 – 14:00

Training on the PPA Tool

Exercise 1: Simulating various PPA contracts and strategies towards the contract.

In this exercise, participants will be guided through an initial, hands-on experience using the model. Participants will be asked to evaluate investment incentives based on different PPA contract types and strategies towards the market.

14:00 – 14:20

Coffee Break

14:20 – 15:20

Training on the PPA Tool (continued)

Exercise 2: Performing sensitivity analysis of uncertain inputs and logging results.

In this exercise, participants will be guided through a more advanced use of the model, and use the tool to perform sensitivity analysis of multiple scenarios and to keep track of results through the log sheet.

15:20 – 15:25

Closing Remarks

English – Spanish interpretation will be provided