

THEnergy closes financing gap for mid-sized off-grid solar and wind power plants

Backed by a German investor, THEnergy will build a pipeline of solar- and wind-diesel hybrid plants, focusing on USD 1-4 million investments per site

Munich, September 2016 - Last year, THEnergy acquired a similar assignment from an international investor who focuses on large-scale installations. Investments of USD 12-18 million per project were identified as the "sweet-spot." "In the project screening process, we have come across many projects that are actually smaller," points out Dr. Thomas Hillig, Managing Director of THEnergy. In the market, we see large-scale project sizes above all in the mining industry. Many mining companies have started to investigate renewable energy options for powering their mines. Several reference projects have shown that the technology for integrating solar or wind power into existing diesel gensets is mature. Various new projects are currently being examined. Due to the global mining crisis, this market segment actually is developing slower than expected.

"The business case for powering remote mines by solar and wind energy is still extremely attractive. Midterm, a wave of large-scale microgrid investments is to be expected," explains Hillig. Short-term other market segments have developed faster. The installed base of diesel-gensets in small- and medium-scale applications is much bigger than for large-scale ones. Low diesel prices are also slowing down the large-scale PV projects in the off-grid market. At today's storage price, low penetration renewable energy solutions are often the first choice. That means that for the same diesel genset often the size of PV and wind installations is not maximized, because pure economic criteria are more favorable for small- and medium-sized PV and wind projects. That, in conjunction with more favorable soft factors such as faster decision-making processes and higher attention to the environment than in mining, show that it is no surprise that the segment of small- and medium-sized projects is much more dynamic.

This segment consists amongst other applications of remote hotels, resorts, lodges, agricultural and other industrial fields such as cement, food, beverage or the infrastructure sector with hospitals, schools and shopping centers. Here sometimes renewable energy has a direct impact on the end-customer. Studies show that hotel clients value green efforts in the hospitality sector. In applications with a good visibility by end-customers, renewable energy creates additional value beyond pure cost savings. Here we also see that the renewable energy penetration plays a more important role and already today many projects include storage solutions. "In the small- and medium-sized segment, commercial and industrial players actively drive the topic of renewable energy forward," observes Hillig. For investors who intend to build solar and wind power plants in the proximity of commercial and industrial off-takers and sell the energy on a PPA basis, this is a substantial advantage, as project acquisition costs are much lower than for slowly evolving large-scale mining projects. Due to high due diligence and financing costs, it is extremely challenging to handle mid-sized renewable energy projects for many funds.

"We are extremely pleased to have found agreement with a reputable renewable energy investor who has in the past already successfully financed projects in Germany and in international markets," says Hillig. "We reach out to commercial and industrial end-customers and also to project developers in order to discuss the financing of off-grid solar and wind plants, reducing the diesel consumption of diesel power plants."

THEnergy has been actively driving forward the complex topic of financing off-grid renewable energy power plants for several years. In 2014, THEnergy published the study "Solar-diesel-hybrid power plants at mines: Opportunities for external investors" which can be downloaded at <http://www.th-energy.net/english/platform-renewable-energy-and-mining/reports-and-white-papers/>. In November, Dr. Thomas Hillig will chair the finance session at the [Energy and Mines World Congress](#) in Toronto.

You find further information at <http://www.th-energy.net>

About Dr. Thomas Hillig Energy Consulting (“THEnergy”)

THEnergy assists companies in dealing with energy-related challenges. Renewable energy companies are offered strategy, marketing and sales consulting services. For industrial companies THEnergy develops energy concepts and shows how they can become more sustainable. It combines experience from conventional and renewable energy with industry knowledge in consulting. In addition to business consulting, THEnergy advises investors regarding renewable energy investments in changing markets. It is also active in marketing intelligence and as an information provider in select fields, such as renewables and mining, through the platform th-energy.net/mining or renewables on islands through the new platform th-energy.net/islands. For more information, have a look at www.th-energy.net

Contact for journalists:

THEnergy

Dr. Thomas Hillig

+49-152 3618 6442

press(at)th-energy.net

For images visit: <http://www.th-energy.net/english/media-press>