

**CASABLANCA SOLAR PROJECT**  
**PROJECT ABSTRACT**  
**September 2014**

<b>Country:</b>	Uruguay
<b>Sector:</b>	Renewable Energy
<b>Project Name:</b>	Casablanca Solar Project
<b>Project Number:</b>	UR-L1100
<b>Borrowers:</b>	Three Uruguayan Special Purpose Companies
<b>Sponsor:</b>	Sky Solar Holdings, Ltd.
<b>Proposed A Loan:</b>	Up to US\$ 26.19 million

**PROJECT DESCRIPTION**

The Project consists in the construction, operation and maintenance of four solar power plants and their associated facilities: Dicano of (11.25 MW); Fenima (9.5 MW); Raditon (9.5 MW) and; Petilcoran (8.0 MW), for a total of 38.25MW of installed capacity (the “Project”). The Project will be located 7.5 Km north of Casa Blanca, in the Paysandu department. The Project will utilize photovoltaic (PV) polycrystalline silicon modules mounted over fixed structures in order to deliver the energy to the Administración Nacional de Usinas y Transmisiones Eléctricas (“UTE”) transmission lines. The estimated total cost of the Project is US\$66.35 million; the Project’s financial plan will include an IDB Loan for up to 40% of total Project cost, approximately US\$ 26.19 million.

The energy produced will be sold under a PPA that has the possibility of two alternative price structures: (a) fixed two-tier price of US\$126/MWh during the first 10 years after signature of the PPA and US\$85/MWh thereafter; and (b) a US\$ 91.5/MWh tariff indexed to the US CPI. As per the PPAs, the Sponsor is able to choose one of the two tariff schemes at the time of signing the PPA. Commissioning of the Project is expected to occur on September 2015.

The Borrowers will follow Uruguayan corporate governance requirements, Sky Solar’s corporate governance practices, as well as its sustainability practices and policies. Sky Solar is an independent power producer founded in 2009 and headquartered in Hong Kong with a focus on solar and wind technologies.

**DEVELOPMENT IMPACT AND ADDITIONALITY**

The Project will have positive developmental impacts, such as: (i) adding 38.25 MW of renewable capacity to the Uruguayan grid, thus decreasing thermal and hydro generation reliance; (ii) displacing approximately 43,088.33 equivalent tons of carbon emissions per year; and (iii) creating approximately 300 direct and indirect jobs during the construction phase. The Project will supply approximately 60 GWh per year and will represent an increase of

approximately 1.3% on Uruguay's existing installed capacity, which is expected to improve the lives of approximately 21,135 people<sup>1</sup>.

The Project will contribute to the expansion of private sector participation in the power sector in Uruguay, it will be among the first large scale solar projects in Uruguay and therefore is expected to provide a positive demonstration effect as it will provide further lessons learned in the solar sector to potential new entrants and possibly trigger further private sector investment.

The Bank's participation is critical for the financial feasibility of the Project by providing a significant source of long-term financing that mirrors the profile of the cash flows generated by the Project. The IDB also has a critical role in ensuring that the Project is built to the highest environmental and social standards.

### **PROJECT CONTRIBUTION TO IDB OBJECTIVES**

The Project directly addresses two of the strategic objectives outlined in the GCI-9 of fostering development through the private sector and promoting renewable energy. The Project is fully aligned with IDB's Country Strategy for Uruguay (2010 - 2015) (GN-2626), which seeks to support efforts to add new sources of electricity through natural conditions conducive to generating electricity. Specifically, the Project directly contributes to the Country Strategy's Result Matrix strategic objective to "Increase Installed Capacity by 15%" (404 MW) by 2015. It also contributes to the Bank's efforts to support small and vulnerable countries and to the SCF strategy objective to support US\$10 billion in climate friendly investments by 2015 and impacting the people of the Region.

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<sup>1</sup> The number has been calculated by dividing the expected energy production of the Project by the average per capita electricity consumption in Uruguay (Source: 'International Energy Agency 2013 Key Energy Statistics').