CAMPO PALOMAS WIND PROJECT
PROJECT ABSTRACT
November 2014

Country:	Uruguay
Sector:	Renewable Energy
Project Name:	Campo Palomas Wind Project
Project Number:	UR-L1104
Borrower:	Nicefield S.A.
Sponsor:	Teyma Sociedad de Inversión S.A and Instalaciones Inabensa S.A
Proposed IDB Loan:	Up to US$ 70 million

PROJECT DESCRIPTION

The Project consists in the construction, lease, operation and maintenance of a 70MW wind farm to be located in the Department of Salto, Uruguay (the "Projects"). The Project will have 35 Vestas V-110 turbines of 2 MW each, making a total of 70MW of installed capacity and will include a 6 km transmission line to connect the wind farm to the national grid at the existing Salto Grande-Arapey 150 kV line, and a new substation. It will be developed by Nicefield S.A. (the "Borrower"), a special purpose company indirectly owned by Teyma and Instalaciones Inabensa S.A. (Inabensa together with Teyma, the "Sponsors"); both companies are subsidiaries of Abengoa S.A. from Spain (the "Parent").

The Project's revenues will derive from monthly leasing, operation and maintenance payments from the Administración Nacional de Usinas y Transmisiones Eléctricas ("UTE"). Price under the Lease is denominated in US dollars and is to be adjusted by local and US producer price index, and the Uruguayan Peso/USD exchange rate. Project construction will be done through a turn-key EPC Contract to be entered into by the Borrower and a consortium formed by Teyma and Inabensa.

The estimated total cost of the Project is US$ 175 million; the Project's financial plan will include an IDB Loan and a guarantee that together would represent up to 40% of the total Project cost, the equivalent to US$ 70 million. It is anticipated that the financial structure may include a private placement with institutional investors; in the proposed financial plan the IDB would also act as partial guarantor to cover bondholders against construction risk.

DEVELOPMENT IMPACT

The Project will have positive developmental impacts, such as: (i) adding 70 MW of renewable capacity to the Uruguayan grid, thus decreasing thermal and hydro generation reliance; (ii) displacing approximately 56,145 equivalent tons of carbon emissions per year; and (iii) creating an average of 150 direct jobs during the construction phase. The Project will supply approximately 285 GWh per year and will represent an increase of approximately 2.6% on

Uruguay's existing installed capacity, which is expected to improve the lives of approximately 100,992 people[1].

IDB'S ADDITIONALITY

The Project will contribute to further the expansion of private sector participation in the wind energy generation in Uruguay, which accounted for 161MW as of April 2014. In addition, the Project is expected to have a positive demonstration effect as it will tap new funding sources and will provide lessons learned to institutional investors that may be interested in financing other infrastructure projects in Uruguay under similar structures.

The Bank's participation is critical for the financial feasibility of the Project by providing and mobilizing financing at tenors that are generally unavailable in the commercial market. Furthermore, the proposed financial structure contemplates mobilizing a new pool of long term financing sources through the use of an innovative combination of loan and guarantee products. The Bank's participation should also improve the environmental and social standards of the Project.

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 efforts to support small and vulnerable countries and to SCF strategy objectives to support US$10 billion in climate friendly investments by 2015 and impacting the people of the Region.

[1] The number has been calculated by dividing the expected energy production of the Project by the average per capita electricity consumption in Uruguay (Source: 'IEA 2013 Key Energy Statistics').