

PROJECT ABTRACT

12/04/2013

Country:	Uruguay
Sector:	Renewable Energy
Project Name:	Kiyu Wind Project
Project Number:	UR-L1091
Borrower:	Cobra Ingenieria Uruguay S.A.
Sponsors:	Cobra Instalaciones y Servicios S.A.
Proposed A Loan:	Up to US\$46.4 million

PROJECT OVERVIEW

The Kiyu wind project (the “Project” or “Kiyu Wind Farm”) will add 48.6 MW of renewable energy to the Uruguayan electricity system, thus directly supporting Government’s priorities to ensure a stable long-term electricity supply regardless of hydrologic conditions and to increase energy generation from clean sources. Although electricity coverage is high in Uruguay (almost 98 percent of households connected), Uruguay’s energy sector has shown vulnerability in recent years due to the lack of diversification of the energy matrix, with hydropower accounting for approximately 60 percent of the total installed capacity. As a result, during periods of drought, a decline in hydropower generation has forced increased dependence on fossil-fuel thermal generation with increased exposure to fuel price volatility.

PROJECT DESCRIPTION

The Project consists of the construction, operation and maintenance of a 48.6 MW wind farm and its associated facilities, to be located in the department of San Jose, Paraje Barrancas de San Gregorio, Uruguay. The Project will have 16 Vestas turbines of 3.075 MW each, and will include a 150 kV transmission line to connect the wind farm to the national grid, a substation at Punta de Tigre, and a 17 km service road. It will be developed by Cobra Ingenieria Uruguay S.A. (the “Borrower”), a special purpose company, which is owned by Cobra Instalaciones y Servicios S.A. (the “Sponsor”). The Project is estimated to have a 13-month construction period, with construction starting at the end of 2013.

DEVELOPMENT IMPACT

The Project will have positive developmental impacts, such as: (i) adding 48.6 MW of renewable capacity to the Uruguayan grid, thus decreasing thermal and hydro generation reliance; (ii) displacing approximately 136,325 equivalent tons of carbon emissions per year; and (iii) creating between 40-50 direct jobs during the construction.

IDB’S ADDITIONALITY

The involvement of the Bank in this transaction has managed to attract financing from other multilaterals to the deal, wherein the Bank will finance up to US\$46.4 million of

the total of US\$84 million in senior financing. In addition, the Bank's participation will ensure that key Project contracts meet international lenders standards.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The Project directly addresses two of the strategic objectives outlined in the Ninth General Capital Increase of the Bank of fostering development through the private sector and promoting renewable energy. The Project is consistent with the IDB Country Strategy with Uruguay (2010-2015) (GN-2626), which identifies energy as a priority sector. It also contributes to the Bank efforts to support small and vulnerable countries and to Structured and Corporate Finance Department strategy objectives to support US\$10 billion in climate friendly investments by 2015 and impacting the people of the Region.