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Financing Distributed Solar Generation towards Zero-Emissions Economies

Day: September 11th 2017

Time: 13.00 – 14.30

Room: HUICHOL

Description:

Since Kyoto Protocol in 1996 to Paris Agreement in 2015, 20 years has already passed -- a long walk to reach a global consensus in terms of limiting our planet's warming up and its negative impacts on ecosystems and human life. The Paris Agreement considers a 2 C maximum temperature's increase target together with a yearly USD 100 billion funds mobilization starting at 2025 in order to support developing countries to transit to "Zero Emissions Economies".

Climate change is a harsh reality and a worldwide security issue; it already affects our daily lives and the means of production; transforming the whole economic system and prompting immediate mitigation and adaptation actions from the 194 Parties that ratified the Paris Agreement.

The development of cleaner technologies for energy production would make it possible to reduce human's impact on Earth, but the high upfront investments which are required makes climate financing a crucial part of this transformation. According to the International Energy Agency (IEA), in order to achieve the 2 C degree target, the share of renewable energies into the global energy generation matrix should reach 40% by 2040, mainly driven by wind and solar photovoltaic technologies.

In this regard, total climate finance during 2014 reached USD 391 billion, from this amount 62% was funded by private sources such as project developers, corporates, households and commercial financial institutions; while the main sources from the public side were governments, climate funds and multilateral, bilateral and national development financial Institutions. It is of note that the participation of private equity, venture capital and institutional investors remains quite low. (*Source: Global Landscape of Climate Finance 2015*).

During the past years, there are key countries in the renewable energies arena whose experiences are being adopted by emerging and developing countries in order to shape their own models of energy markets. In terms of electricity, distributed generation from renewable sources is upending the centralized electric generation, transmission and distribution model; Small and Medium-sized Enterprises (SME's) and residential users could reap the benefits from the sharp decline in solar photovoltaic (SPV) technology prices, stimulating its massive deployment during the following years, where financing will become an enabling factor for this "soon to be" disruptive market. In this regard, it has been seen that successful projects share these features (*DG UNFCCC 2015*):

- Engage utilities as essential partners rather than opponents.
- Promote policy harmonization to encourage adoption and minimize market barriers.
- Leverage peer Influences and personal networks within the community.
- Standardize technologies and business practices.
- Reduce perceived Risk for Investors and System owners.
- Involve and engage the community early, often, and throughout.
- Allow for Innovative finance.
- Offer sufficient financial incentives to attract private---sector investment.
- Provide for system Operations and Maintenance (O&M).

Also, it is worthwhile noting the widespread use of solar PV distributed generation in several markets such as the one in the United States of America where 14,762 MW of solar PV were installed in 2016 – nearly doubling the installed capacity of 2015. For the first time ever, solar ranked as the No. 1 source of new electric generating capacity additions. The once-nascent community solar market quadrupled in 2016, playing a key role in supporting the largest year ever for the non-residential PV market. Total installed U.S. solar PV capacity is expected to nearly triple over the next five years. By 2022, more than 18 GW of solar PV capacity will be installed annually (*SEIA 2016 Insight Report*).

The USA’s experience in solar PV distributed generation financing is worthwhile to be mentioned, where leasing, installers’ financing and purchase power agreements (PPA) as well as innovative mechanisms such as solar backed assets securitization, have been determinant for its rapid utilization.

Organisers: UN Environment



Detailed programme:

13:00 – 13:15	<p>Brief Presentation of the advancements of the solar energy and the solar PV distributed generation Ms. Laura E. Williamson, Communication and Outreach Manager, REN21</p>
13:15- 14:05	<p>Panel on “Financing Distributed Solar Generation towards Zero-Emissions Economies” Moderator: Mr. Alberto Gomez, Executive Director of Mexico’s Banking Association (ABM)</p> <ul style="list-style-type: none"> • Mr. Bert Hunter, EVP & Chief Investment Officer, Connecticut Green Bank • Mr. Sergio Figueroa, Director, Project Finance Bonds, Credit Agricole NY • Mr. Franco Capurro, Managing Partner, DG Energy Capital

14:05 – 14:15	Q & A
14:15 – 14:30	Presentation of the FATERGED Project in Mexico Mr. Efrain Villanueva, General Director on Clean Energies, Mexico's Secretariat of Energy

Speakers:

- Laura E. Williamson, Communication and Outreach Manager, REN21
- Alberto Gomez, Executive Director of Mexico's Banking Association (ABM)
- Bert Hunter, EVP & Chief Investment Officer, Connecticut Green Bank
- Sergio Figueroa, Director, Project Finance Bonds, Credit Agricole NY
- Franco Capurro, Managing Partner, DG Energy Capital
- Efrain Villanueva, General Director on Clean Energies, Mexico's Secretariat of Energy