

November 13, 2012

**Comments from Norway on SREP Investment Plan for Maldives**

Dear Patricia,

Thank you for well organized meetings in Istanbul.

Please find enclosed Norwegian comments and questions to the IP for Maldives.

Thanks and regards,

Bente

Bente Weisser

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## **Comments and questions to the Maldives IP from Norway**

Norway would like to thank you for the opportunity to submit our questions and comments in writing to the Maldives investment plan (IP) (as agreed in the SREP Sub Committee meeting 31<sup>st</sup> October).

Generally we think the IP for the Maldives is a good proposal and we found the presentation to the Sub Committee very interesting. The IP presents a reasonable choice of RE sources and is addressing several important challenges for the country.

We would like to raise the following questions and comments and are looking forward to your written response and hope to see our input reflected in further work and in the detailed project/investment proposals:

### ***Questions and comments that we would appreciate if you could further elaborate on:***

1. A key challenge and barrier for introduction of RE is the fossil fuel subsidy. We would appreciate if you could elaborate on whether there is a plan to reduce fossil subsidy and how this could be achieved.
  - End users of electricity are currently heavily subsidized and even though the economics of PV is better than for diesel, the government will still have to subsidize domestic customers based on current electricity tariffs. How do you see this to be sustainable? Lower generation cost from PV might also raise expectations that prices will fall and at the same time improved electricity system might lead to further increase in electricity consumption – hence the goal to reduce the fossil fuel import burden might be challenged. Do you have any thoughts on how this could be handled?
2. As the tourist sector is a large consumer and a waste producer it would seem sensible to involvement of tourist sector early in the activities – this industry could also be an important source of investment capital. Could you please elaborate further on how you foresee to work with the tourist industry and why you don't seek to involve this sector initially?
3. Could you please elaborate on the potential challenges with regards to land use as this seems not to be well addressed in the IP. How would you make rooftops accessible for PV installations and are there sufficient areas available to address the energy need in the larger and medium electricity consuming islands?
4. The issue of intermittency and diesel stand-by costs could have been further addressed. Is the balancing cost of PV fully reflected in the figures? Even though the 10 small electricity consuming islands to be 100% supplied by RE to use batteries this might not be the right solution for the medium and large electricity consuming islands. What kind of solutions are you foreseeing for these islands?
5. Could you please describe your expected project/implementation timetable?

***Comments that we would appreciate if you could address in your work going forward and in the coming project proposals (not requiring any written response prior to the project proposals):***

- As mentioned by several in the meeting, there is a question whether it is possible to attract the necessary private financing even if substantial risk guarantees are provided. We would suggest, in line with your own proposal, that the initial studies should address how to attract necessary private financing.
- It is still somewhat unclear how SREP funding will be used; we would expect that this has to be further clarified in the project proposals.
- Success of the Thilafushi WTE is dependent of the larger waste management project/management operations which is not under the SREP IP. We would appreciate that the interdependence should be clarified and addressed in the project proposal.