

Financing Battery Energy Storage Systems

...Through the lens of a Blended Finance practitioner

December 14, 2021



Blended Finance at IDB Invest

IDB Invest is the partner choice for channeling blended finance resources for Latin America and the Caribbean.



Our Partners



Figures as of September 2021. 1: Latin America and the Caribbean.

Blended Finance interventions pathway



Advisory Services to create positive influence in markets addressing the knowledge gap

Provide Blended Finance resources to demonstrate the viability of an innovative finance template or new technology / business model

Replicate and adapt existing templates to open new markets by supporting early movers through Blended Finance

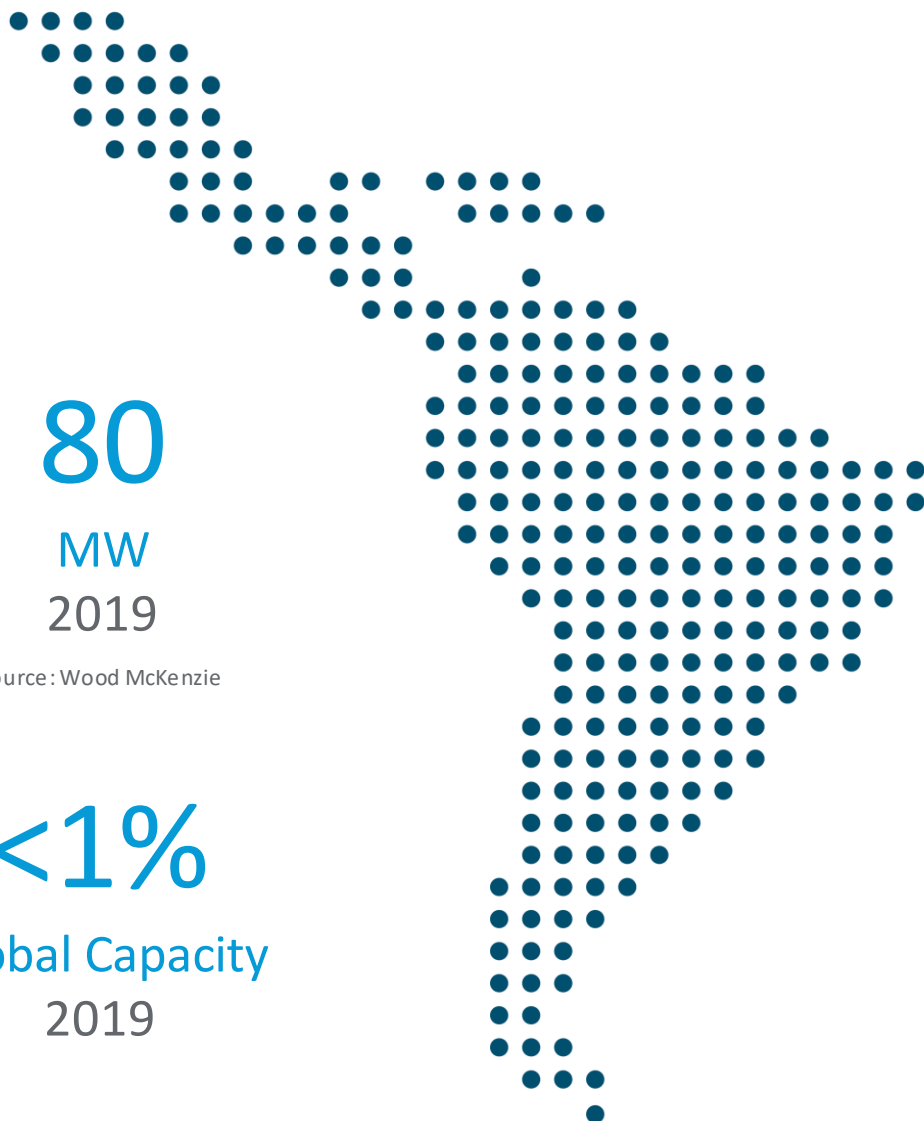
Structure Blended Finance intervention to maximize private / institutional investment

BATTERY ENERGY STORAGE SYSTEMS (BESS) APPLICATIONS

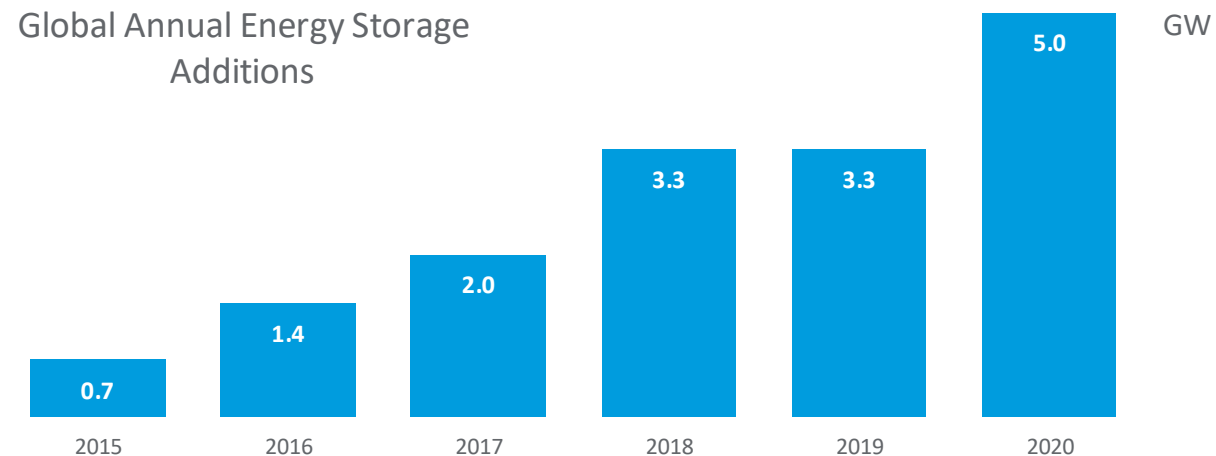


Ancillary Services	Transmission Congestion Relief	Load Shifting
2021	2022	2022

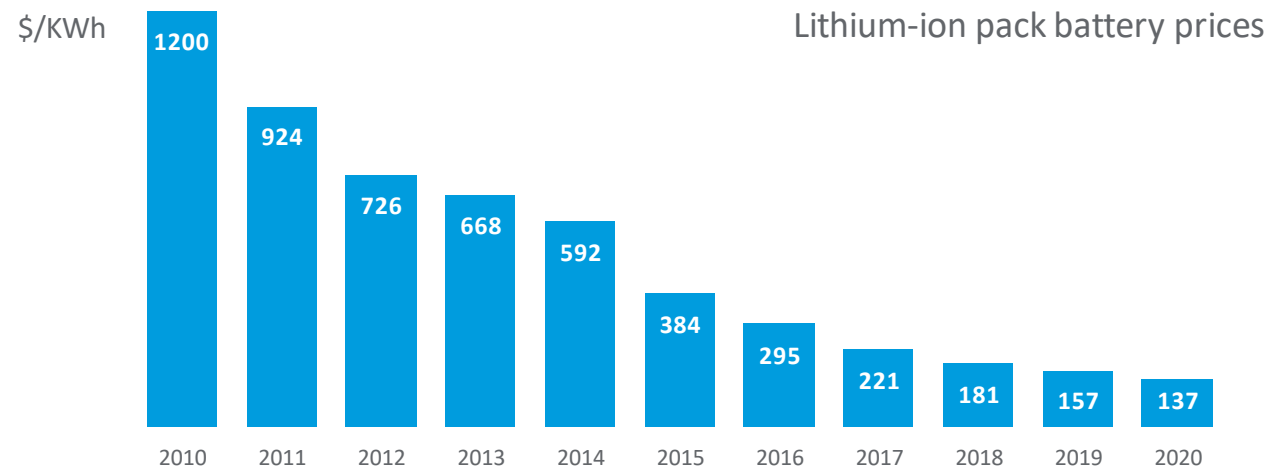
The case for BESS in Latin America and the Caribbean (LAC)



Source: Wood McKenzie



Source: IEA, Annual energy storage additions by country, 2015-2020, IEA, Paris <https://www.iea.org/data-and-statistics/charts/annual-energy-storage-additions-by-country-2015-2020>



Source: BloombergNEF



The Projects



Providencia Solar

140 MWp Since Apr 2017

5.5 MW / 2.6 MWh Under Construction

Sponsor



Senior Lenders



BESS Lender



Capella Solar

101 MWp Since Feb 2020

3.0 MW / 1.5 MWh Since Feb 2020

5.75 MW / 3.0 MWh Under Construction

Sponsor



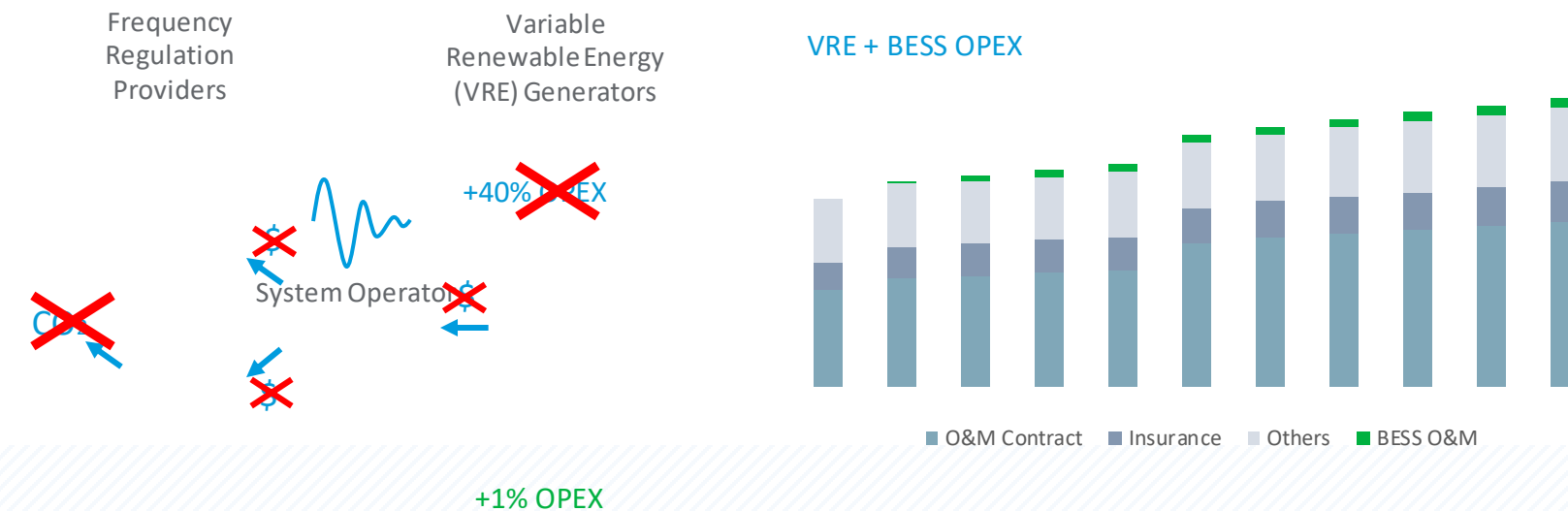
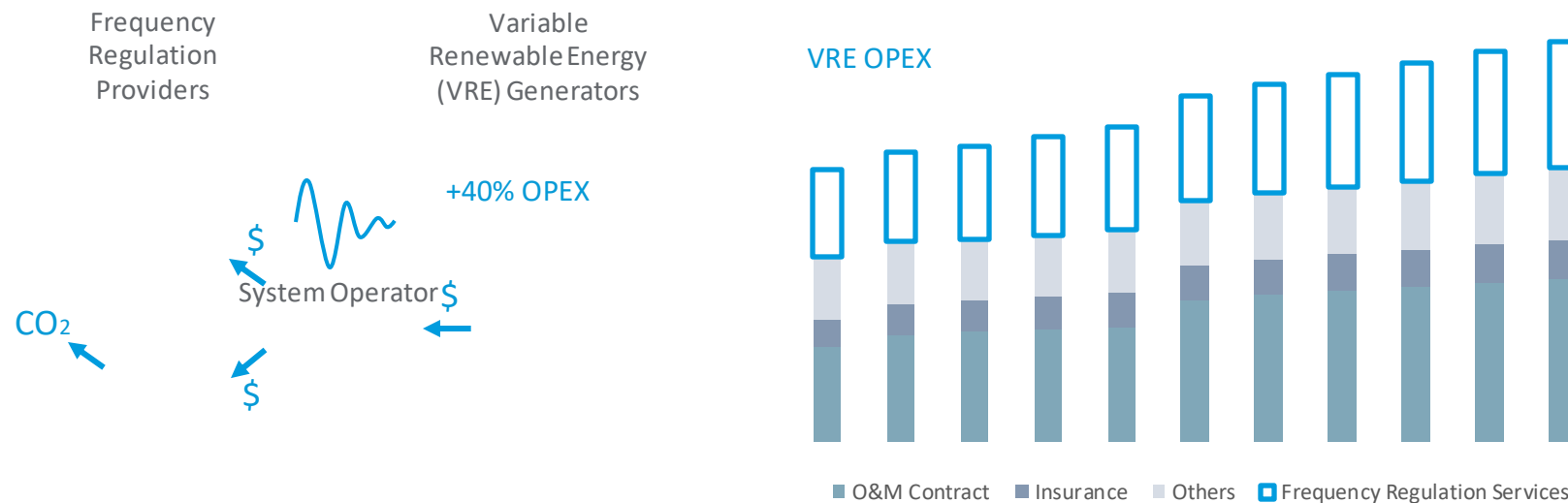
Senior Lenders

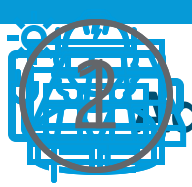


BESS Lender

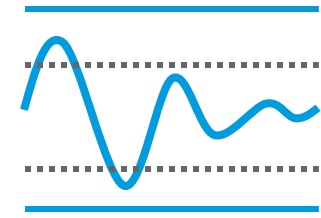


The issue: frequency regulation in El Salvador





Addressing Technology Risk through Blended Finance



RISK

TECHNOLOGY PROVIDER TRACK RECORD

PERFORMANCE RISK

RESIDUAL VALUE RISK

CONCESSIONAL ENHANCEMENT



BESS LOAN TENOR MATCHING BESS GUARANTEED PERIOD

PRINCIPAL DEFERRAL MECHANISM OF THE BESS LOAN (Pay-As-You-Save)

Senior Lenders

BESS Lender

BESS Lender

Senior Lenders

MITIGANTS

- Due Diligence on Technology Provider
- Due Diligence on O&M Provider
- Sponsor Track Record
- Independent Engineer Monitoring Agreement

- Independent Engineer Performance Simulation
- Cash Sweep Mechanism
- Due Diligence on Technology Provider
- Due Diligence on O&M Provider

- Independent Engineer Monitoring Agreement
- Exposure to an already operating solar asset

Thank you!

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