

CTF Project Approval Comment Matrix			
EBRD Yermentau Wind Farm			
1. Country/Region	Kazakhstan	2. CIF Project ID#	PCTFKZ099A
General			
Revision of the project document		The project document has been revised to take account of any factual corrections raised by the comments below, and also to increase the floor interest rate to 125 BP fixed.	
GERMANY Comments			
The risk that the "project will not produce the expected volume of electricity" is estimated to be "Low" (p. 10). On the other hand it is stated that "wind speed measurements undertaken ... were taken at too low a mast height" (p. 2). Could you please clarify that contradiction.		Beyond this assessment, there has been technical due diligence from a reputable German consulting company, which led to the assessment that the risk of the wind speed being less productive at higher heights was low.	
Pricing: Given the high financial risk a minimum interest rate of 75 basis points is not acceptable (a minimum interest rate of 125 basis points would be more appropriate).		Pricing is still under negotiation, and we cannot comment further on this in public, but have taken note of the comment.	
Potential: one time the wind potential is stated to be 18 TWh p.a. (p. 8), one time to be 929 TWh p.a. (p. 11), please clarify.		This is the difference between the economic (18 TWh) and technical (929 TWh) potential.	
Utilization hours (table 7, p. 12): Does the "Power generation (MWh/year)" mean generation per installed 1 MW? And if so, why is the given figure for Yereymentau (3,610 h) higher than the 3,100 h resulting from energy produced (155 GWh) divided by the installed capacity (50MW)?		3,610 MWh/yr was the result of the UNDP wind study at 50m mast height and assuming a more generic type of turbine and layout, while we are basing the 3,100 MWh/yr for the specific project on the actual turbines and our own assessment of the site characteristics. This value is depending on the type and subsequently number of turbines used, installed capacity might vary depending on the layout design developed by the EPC contractor, and also the probability assigned to the expected wind regime being met over the year. The specific technical parameters will be updated once these details are known, and a full technical feasibility study has been undertaken.	
Outdated info (table 7, p. 13): Grid Connection rules are "expected to be developed by January 2014" and standard PPA is "expected to be approved ... January 2014" as well. Please provide up to date information.		We currently expect these items of the legislation to be adopted by September 2014. Thanks for catching this, we have corrected this in the document.	
UK Comments			
We note that the Eurasian Development Bank has also signed an agreement for a 10 year open credit line in the amount of USD94m for financing the construction of the first major wind power project in Kazakhstan (45MW) at the Yereymentau site. How does this relate to this project proposal?		This is financing Phase 1 of the overall project, with CTF coming in at Phase 2. The structure is similar but EBRD could not get involved for a range of reasons, including the lack of a competitive tender, and the absence of reliable wind studies.	
Why have the EBRD classified this as a private sector project rather than a public sector project given that this is a sub-sovereign borrower who are providing a corporate guarantee?		We treat this as a private project due to the project's financial structure, which reflects private sector project structures (including the corporate guarantee) and the absence of a sovereign guarantee from the sponsor. Also, given the project structure, the use of the harder concessional element is more appropriate in our view. Nevertheless, for procurement purposes,	

	<p>we will ensure more stringent safeguards and treat this as a public project.</p> <p>The current thinking is furthermore that the corporate guarantee is absolutely necessary only at this stage to allow EBRD/CTF to be involved, but that this guarantee can possibly be released when a functioning regulatory framework is fully in place. We would require the same type of guarantee from any project sponsor at present.</p>
--	---