

# CLIMATE INVESTMENT FUNDS

July 6, 2017

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**[APPROVE BY MAIL]: NICARAGUA: GEOTHERMAL DEVELOPMENT PROJECT (SREP)  
(WORLD BANK)- XSRENI053A**

**COMMENTS FROM SWITZERLAND**

Thank you for your answers to our questions.

We have some follow-up/clarification questions (Q) and comments (C):

I. (Re. answer to 1.a.i) We understand from your answer that Polaris currently holds 90% and ENEL 10% of CCP and these proportions are likely to change in accordance with the investments made by each party.

a. (Q) Is our understanding correct?

b. (Q) Does that mean that the SREP and IDA financed investments into resource confirmation will be accounted to the credit of ENEL in CCP and that ENEL's stake will be increased in proportion?

II. (Re. answer to 2.b.i) Please specify what are the included contingencies in USD or % of drilling budget.

III. (Re. answer to 2.b.iii) We understand from your answer that the drilling costs are not dispensed pari-passu between SREP and IDA but that the SREP contribution will in any case be used and any savings made will be in the IDA portion.

a. (Q) Is our understanding correct?

b. (Q) Does this mean that any savings realized (on IDA portion) will be used within the project, in component 2 if not needed in component 1?

c. (Q) What happens if the exploration drilling is not conclusive in terms of re-source confirmation?

IV. (Re. answer to 2.d) (C) We understand that the GCF financing mentioned in the IP was meant for further scaling-up on other geothermal fields but we reiterate our concern that such such financing is highly unlikely as long as Nicaragua does not sign the Paris Agreement.

V. (Re. answer to 3.b) (Q) You mentioned that CCP has exclusive development rights on the Casita-San Cristobal field. What if CCP (or Polaris as majority owner of CCP) decides not to develop the field further than the initial 35 MW despite the potential being much higher?

VI. (Re. answers to 5.b) (C) You mention the proximity of the SIEPAC regional transmission interconnection and the potential to export power as a risk mitigation measure to agreements with Nicaraguan off-takers. Such export business would however affect the project's scoring against the indicator "number of men and women benefitting from improved access to electricity" and should therefore not be the intention of the project.