



CARER
Solutions in renewable energy

ASPECTS OF FINANCING OF RES PROJECTS IN KAZAKHSTAN

MAY 28, 2020

WEBINAR "SOLAR ENERGY FINANCING»





TRACK RECORD

CARER Group of companies is one of the leaders in the market of Kazakhstan in the renewable energy industry. CARER has 8 years of experience in the development, construction, commissioning and maintenance of solar power plants in the Republic of Kazakhstan. The CARER team took a part in attracting the first borrowed funds from international financial institutions for renewable energy projects in Kazakhstan.

Our role:

- Project development;
- Construction of AC and DC of SPP;
- Commissioning and connection to power transmission lines;
- Operation & Maintenance (O&M) of SPP;
- Owner's engineer service;
- Obtaining of investment preferences;
- Financial structuring;
- Tax advisory.

CARER Group

CARER LLP (Consulting)	Hi-Tek Qazaqstan LLP (DC construction)	Kaz Trade Construction LLP (AC construction)	O&M Solar LLP (O&M services)
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Solar Power Association of Qazaqstan
(non-profit organization for development of RE industry in Kazakhstan)

+400 MW

Portfolio of projects

+300 WORKERS

Labour mobilization for construction works

**+50 PROJECT
ENGINEERS**

Civil engineers, Power engineers, Electric engineers,
HSE engineers

**+10 PROJECT
MANAGERS**

Fluent in Russian, English, Chinese and Turkish languages

FINANCING OF RENEWABLE ENERGY PROJECTS IN KAZAKHSTAN

Equity Financing

- The main players in the equity financing market in Kazakhstan are international investors, whose activities are directly related to the implementation of renewable energy projects;
- Private Kazakhstan investors who diversify their activities in Kazakhstan;
- Quasi-state companies;
- **Large oil&gas companies.**

Debt financing

- European Bank for Reconstruction and Development in cooperation with Clean Technology Fund and Green Climate Fund;
- Eurasian Development Bank;
- Asian Development Bank;
- Development Bank of Kazakhstan.



EQUITY FINANCING

~ 30% of the total project cost is financed from the own funds of investor or group of investors;

The development of a financial-economic model is an important element in planning for participation in auctions;

The payback period for renewable energy projects is approximately +12 years;

Kazakh and foreign investors should carefully study the currency regulation and tax legislation of the Republic of Kazakhstan;

Obtaining investment preferences (customs and tax preferences) is a key factor for improving the financial performance of the project;

Selection of partners and contractors with a strong business reputation and experience in implementing renewable energy projects in Kazakhstan;

Recruitment is an important key for the successful management of a project company during construction and after commissioning.



DEBT FINANCING

~ 70% of the total project cost is financed by long-term borrowed financing;

The main players in the long-term debt financing market are large international financial institutions;

Project financing;

Complete due diligence by independent consultants;

Second-tier Kazakhstan banks cannot provide long-term debt financing in national currency at affordable rates;

Attracting borrowed financing in foreign currency has high currency risks, and in the case of a significant weakening of the tenge, this can lead to default of project.



DEBT FINANCING BY EBRD*

Date	Name of project	Power capacity	Debt financing by EBRD, USD	Total cost of project, USD
May 22, 2019	Zhanakorgan Solar-1 SPP	10 MW	7 000 000	10 000 000
March 19, 2019	Zhangiz Solar SPP	30 MW	12 000 000	22 500 000
February 11, 2019	KAZ SOLAR-50 SPP	50 MW	24 500 000	50 000 000
October 5, 2018	Zheruyik WPP	50 MW	46 474 000	106 877 000
September 14, 2018	Shollakorgan SPP	50 MW	42 500 000	75 000 000
August 29, 2018	Saran SPP	100 MW	52 700 000	105 300 000
August 29, 2018	M-KAT GREEN SPP	100 MW	62 262 000	130 911 000
August 15, 2018	Nomad Solar SPP	30 MW	28 328 000	37 771 000
November 7, 2016	Gulshat SPP	48 MW	30 000 000	73 000 000
October 28, 2016	Burnoye-2 SPP	50 MW	50 000 000	100 000 000
August 18, 2016	Kulan Solar SPP	29 MW	24 000 000	51 000 000
March 13, 2015	Burnoye-1 SPP	50 MW	77 600 000	120 300 000
November 11, 2013	Yerementau WPP	50 MW	92 026 000	128 191 000
ИТОГО		647 MW	549 382 000	1 010 850 000

*Source: <https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?c14=on&s2=on&keywordSearch=>;

* Amounts of investments in dollars are calculated based on average rates for certain years according to the National Bank of the Republic of Kazakhstan

DEBT FINANCING BY DBK*

Name of project	Power capacity	DBK financing
Kapshagay SPP	100 MW	10,8 bln. tenge
Turgunskaya HPP	24,9 MW	5 bln. tenge
Astana-Expo WPP	100 MW	First credit line (50 MW): 30,5 bln. tenge Second credit line (50 MW): 9,8 bln. tenge
Zhylga SPP	20 MW	9,047 bln. tenge
Итого:	244,9 MW	65 bln. tenge

KEY POINTS IN FINANCING OF RENEWABLE ENERGY PROJECTS IN KAZAKHSTAN

CAPEX in Kazakhstan is not the full cost of the project. When assessing the cost of the project, it is necessary to take into account: financial costs of the loan, customs costs, VAT on the import of equipment (12%), expenses for the allocation of land from state ownership and more;

For the construction period, it is necessary to budget for operating activities;

For the construction period, it is necessary to budget the costs of guarding the construction site and video surveillance systems;

In accordance with the requirements of the legislation of the Republic of Kazakhstan, the investor must hire the Author and Technical supervision for the construction period;

International financial institutions require a Debt Service Reserve Account and Maintenance Reserve Account.



CONTACT INFORMATION

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