

Overseas Private Investment Corporation:
The U.S. Government's
Development Finance Institution



Renewable Resources in Emerging Markets
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OPIC Snapshot



- Established in 1971
- Provided \$188B of financing to support highly developmental projects
- Operates on a self-sustaining basis at no net cost to the American taxpayer.

OPIC Primary Products

Project Finance

- Loans from \$1 million to \$250 million
- Fixed interest rate
- Tenors up to 20 years
- Currency in USD
- Leverage up to 75%

Political Risk Insurance

- Expropriation
- Political Violence
- Currency Inconvertibility

Investment Funds Leverage

- Provides debt to Private Equity Funds
- Funds can be sector and/or regionally focused

OPIC Renewable Energy Support 2011

- Committed **\$1.1 billion** in financing and insurance for renewable energy and clean tech investments
- Approved **\$498 million** in leverage to private equity funds for their investments in renewable energy
- Renewable Energy investments represented greater than **1/3 of all** OPIC commitments in 2011
- Supported projects in **every key sector**: wind, solar, hydro, geothermal, biomass, energy efficiency, and clean tech



Lexicon Examples of Renewable Resource Projects

Clean Energy

Power Generation

- Solar
- Wind
- Geothermal
- Hydro
- Biomass
- Methane Capture
- Fuel Switching
- Adding pollution control

Clean Tech Infrastructure

- Infrastructure Management
- Supply Chain Management
- Renewable Power Component Manufacturing

Transport

- Emissions reduction such as hybrid vehicles
- Propulsion systems
- Battery Technology
- Highway upgrades

Environmental Resource Management

Water

- Desalination/Purification
- Wastewater Treatment
- Distribution & management

Agriculture

- Irrigation innovation
- Clean pesticides
- Consumer food purity
- Seeds & breeding technologies
- Sustainable forestry
- Organic Mulch
- Land Use

Waste Management

- Recycling
- Waste to Energy
- Toxin management
- Contamination remediation
- Waste minimization

Energy and Material Efficiency

Advanced Materials

- Advanced coatings
- Lightweight substitutes
- Solvents and biodegradables

Building Efficiency

- Building management including green data center management
- Heating & cooling systems
- Lighting systems
- Insulation & materials

Power grid efficiency

- Transmission
- Distribution (including home area networks, smart devices and meters)
- Storage including batteries, flywheels, pump storage
- Infrastructure
- Energy management systems

Environmental Services

Environmental Protection

- Land conservation
- Environmental restoration
- Sustainable Plantations
- Timberland
- Sustainable forestry
- Reducing deforestation
- Biodiversity protection
- Sea defenses
- Carbon

Business Services

- Insurance
- Logistics
- Green-focused Banking
- Microfinance
- ESCO financing
- Clean Tech Leasing
- Consultancy/Advisory
- Intellectual Property
- Weather
- Education outreach



OPIC Basic Conditions for Renewable Energy Project Finance

Terms	OPIC Framework
Maximum loan amount	75% of total project costs up to \$250 million
National content requirements	none
Maximum loan tenor	20 years
Debt/Equity gearing	Up to 75% of total project costs
DSCR minimum	As low as 1.3, but depends upon economics, offtake, feedstock supply, currency risks, etc.
Pricing	Fixed interest rate comprised of: (a) OPIC cost of funds equal to long term US Treasuries; plus (b) risk spread attributable to the project (generally 2.5%-3.5%)
Geographic scope	Most emerging market countries

Financing Products

Targeting Renewable Energy and Clean Tech

OPIC has focused on product innovation to finance renewable resource investments.

New Product	Description	Benefits
Retrofit Sub-Debt	<i>Direct financing for Renewable Energy and Efficiency improvements with repayments tailored to expected cost savings</i>	<ul style="list-style-type: none"> • Working with SMEs • Able to process small loan sizes
Energy Efficiency Facilities	<i>Financing US financial intermediaries to offer a financing package for Energy Efficiency improvements</i>	<ul style="list-style-type: none"> • Reaches a spectrum of customers • Only small investments required of manufacturers
Leasing	<i>Lease financing through US equipment vendors to reduce upfront capital costs to end users</i>	<ul style="list-style-type: none"> • Extensive leasing experience • Ability to diversify risk
Carbon Credit Warehousing	<i>Financing for renewable energy and clean tech solutions to end users, which will ultimately generate carbon credits as a source of repayment..</i>	<ul style="list-style-type: none"> • Grassroots approach to implementation • Bridges local development needs with international investment markets

Insurance Products

Targeting Renewable Energy and Clean Tech

OPIC seeks product innovation to insure risks normally discourage investment.

New Product	Description	Benefits
Feed-In Tariff Cover	<i>Political insurance protection against the risks of changes to regulatory mandated feed-in tariffs</i>	<ul style="list-style-type: none">• Provides greater assurances of cash flow• Mitigates a primary concern of most RE investors
Carbon Credit Insurance	<i>Insurance protection against the risks of foreign government actions or inactions that can impair an investor's ability to realize carbon credits.</i>	<ul style="list-style-type: none">• Ensures the commercial viability for projects dependent on carbon credits.
Breach of Contract Cover	<i>Insurance coverage to protect investors from defaults by host government offtakers in power purchase agreements</i>	<ul style="list-style-type: none">• OPIC maintains bilateral treaties with foreign governments to motivate commercial behavior.



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