

7th GFSE

Financing of a Pilot Project under the Kyoto Protocol

HEPP Tsankov Kamak

November 23rd, 2007

Oliver WALTER

Project Data

VA TECH Finance GmbH



Hydro Power Plant Tsankov Kamak (2x40 MW) - BG

- **Total Project Cost: approx. EUR 200 Mio.**
- **Client: NEK, National Electricity Company**
(investor, owner, operator & borrower)
- **Exporters:**
 - **VA TECH HYDRO**
 - **ALPINE MAYREDER**
 - **Verbundplan**

Starting Point in 2001

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Approach of IFIs and ECAs (OeKB) for Financing:

Project Cost:

MEUR 200 versus MEUR 5 max. OeKB cover for BG

Security:

NEK corporate risk versus request for State Guarantee

Tenor:

16 y versus cover of up to 5 y repayment period

Client:

100% state owned versus cover only for private clients

Development

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- Kyoto Protocol approach:
Tsankov Kamak to be realized as Joint Implementation (JI)-Project based on the Kyoto Protocol
- Memorandum of Understanding: Sept. 2nd, 2002
Ministry of Environment, Austria – Bulgaria
- Pilot Project: November 2002
Tsankov Kamak declared as Pilot Project between Austria & Bulgaria
- Supply Contracts: signed Oct. 1st, 2003
- Credit Agreements: signed Nov. 14th, 2003, Financial Closing 4/2004



Deal of the Year, awarded by Euromoney/Trade Finance Magazine

Financing

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EXPORT CREDIT AGREEMENT

- **EUR 100 mio. loan**
- **5 commercial banks**
- **Tenor: 16 years**
- **ECA: Cover of 5 Export Credit Agencies (lead of OeKB)**

COMMERCIAL CREDIT AGREEMENTS

- **4 loans, totaling to EUR 120 mio.**
- **Credit Suisse First Boston**
- **Tenor: 7 years**

Collateral structure

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a mixture of structured security package consisting of, inter alia, Bulgarian government involvement, various escrow accounts, pledge of assets, mortgage of the site, promissory notes,...

KYOTO PROTOCOL ASPECTS

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BASELINE STUDY: elaborated by Austrian Consultant
- international Validation
- official recognition as JI-project

EMISSION REDUCTION PURCHASE AGREEMENT:

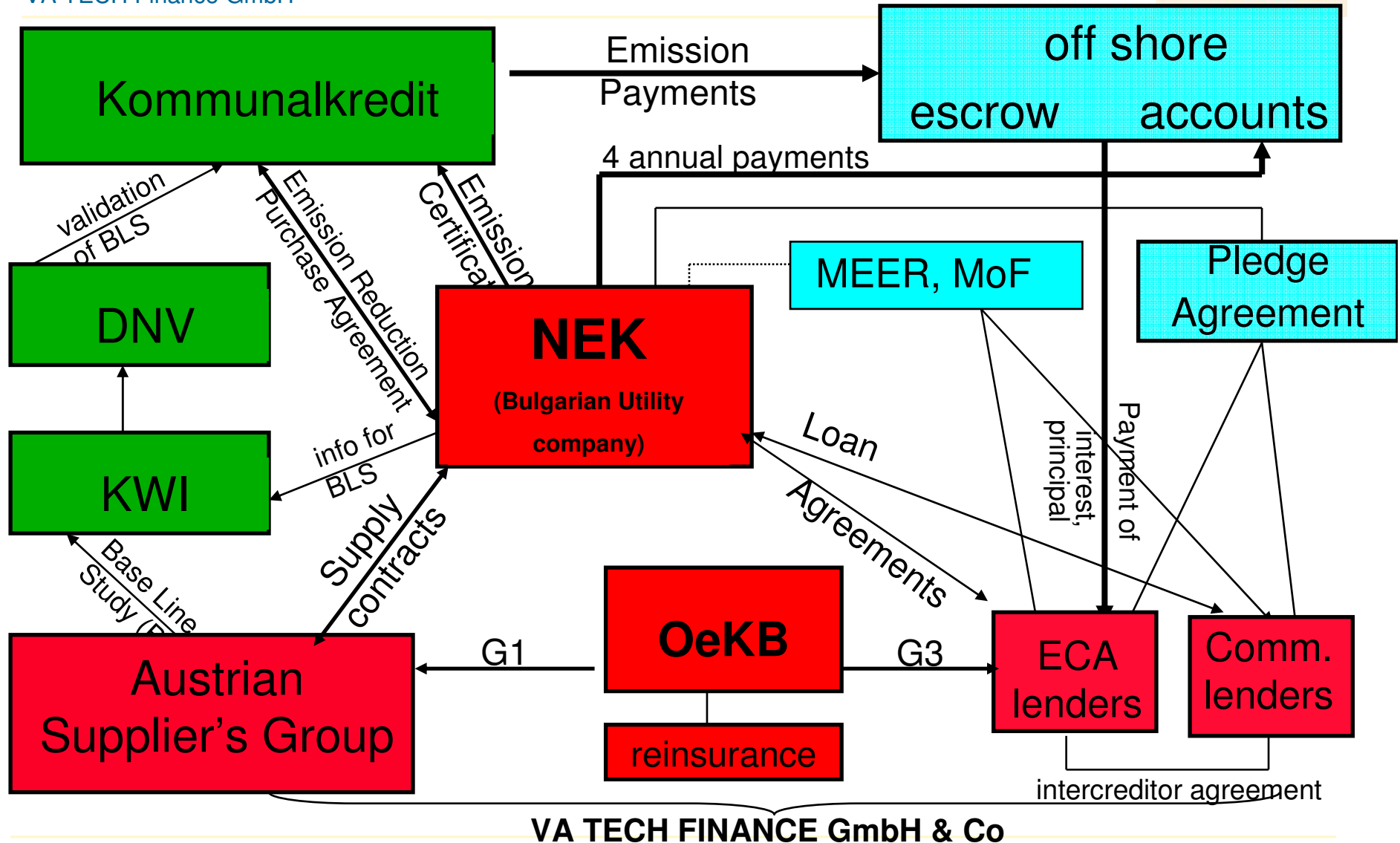
concluded between NEK and Kommunalkredit for transfer of ERUs → revenues serve as collateral!

EMISSION REDUCTION UNITS (ERUs):

Upon commercial operation (2008), ERUs will be generated and purchased by the Republic of Austria (approx. 200.000 ERUs/year).

(KYOTO-) FINANCING STRUCTURE

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SUMMARY: win-win-situation

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AUSTRIA

- 1st JI/CDM project
 - Export increase
 - Purchase of ERUs
 - higher OeKB cover
- MEUR 5 → MEUR 80!!!**

BULGARIA

- green, clear energy
- Reduction of CO₂-Emissions
- Job creation
- know-how transfer
- financial viability (ERUs)
- WWTP Devin

Excellent cooperation between both countries:
Ministries, Embassies, Commercial Councils, Banks,.....

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