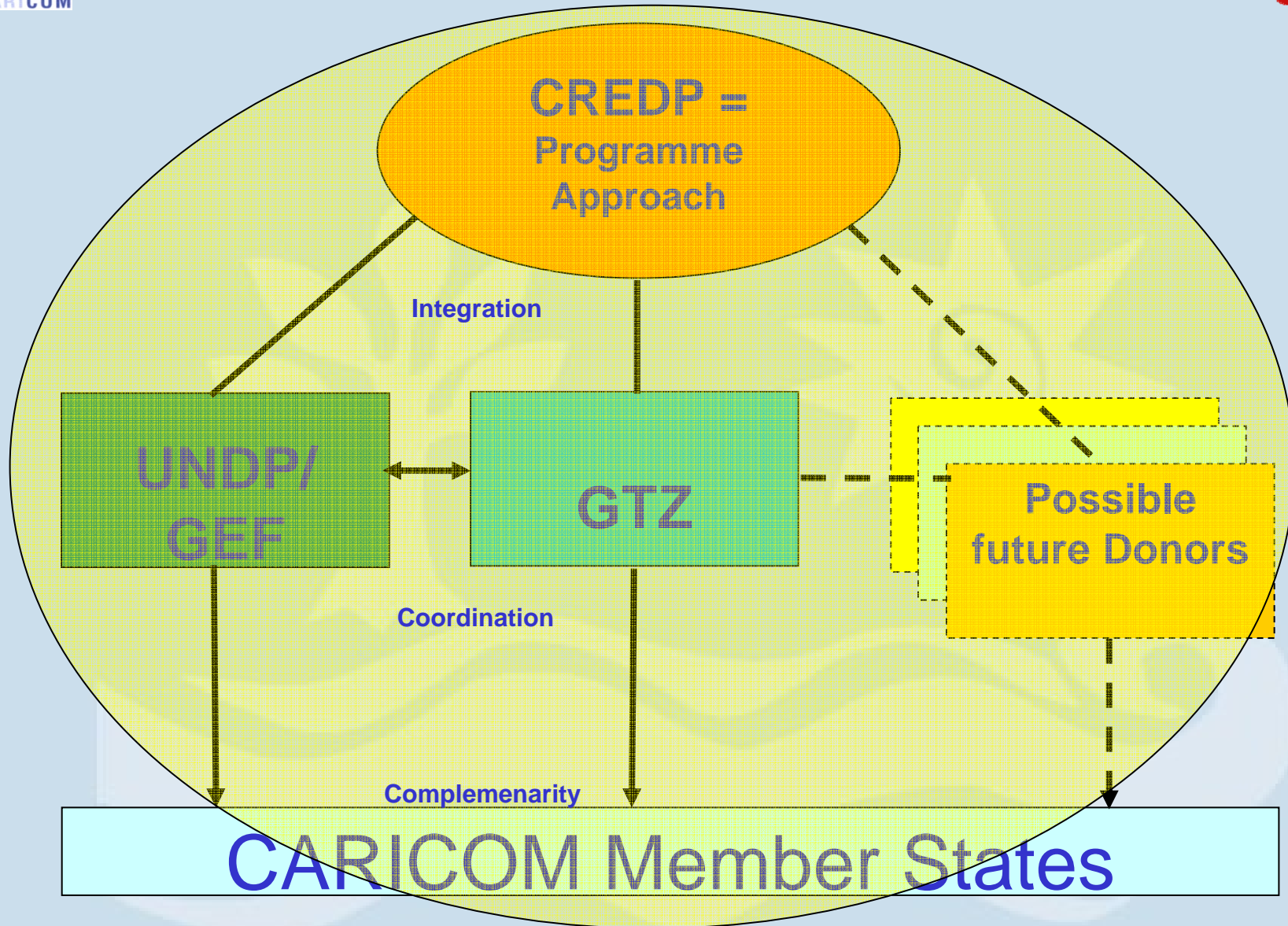




**CREDP/GTZ: review of first phase and outlook
for second phase**

Thomas Scheutzlich

- **Development Goal: Reduction of the Caribbean Region's dependency on fossil fuels and contribution to reducing GHG-emissions.**
- **Project Purpose: Creation of favourable framework conditions for RE-investments in selected countries.**
- **Counterpart: CARICOM Secretariat**
- **Further partners: CARILEC, OECS, CEIS**
- **First Phase: 02/2003 - 03/2008, Volume: 2,2 Mio €**





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Planned Outputs for CREDP/GTZ Phase I

1. Support Governments of selected countries in renewable energy policy formulation and support amendment of energy legislation.

Ind.: 2 proposals after 18 month

2. Identify RE projects and investors and support project preparation.

**Ind.: - 4 proj. ident. after 1 year
- 3 feasib. studies after 3 y.**

3. Provide capacity building for RE key stakeholders

Ind.: 2 seminars after phase 1

4. Improve information and awareness of RE through access to international

Ind.: info. material distributed within 6 weeks



Output 1: RE Policy

St. Lucia:

- Consultant hired by CREDP/GTZ to assist GoSL in incorporated stakeholder comments. (2005)
- “Energy Sector Policy and Strategy” analysed and commented (“Green Paper”) 2006,
- 2006: energy policy workshop and stakeholder consultation in St. Lucia (followed by SEP-update workshop by GSEII)
- Update of last version of green paper (2006) and circulation among stakeholders
- Moderation of discussion between GOSL and LUCELEC (2007)
- Finalizing draft energy policy (2008, ongoing)



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Output 1: RE Policy

SVG:

- Formulation of Energy Policy, first draft April 2005
- Formulation of National Energy Action Plan (draft) in May 2006
- Follow, update of policy by consultant Mr. Loy in April/ May 2007/2008 with the newly created Energy Unit at the OPM



Output 1: RE Policy

Jamaica:

Draft on “Power / Electricity Policy” was analysed, commented in 2005.

Study on RE Potential (with CEPAL), 2006

Study on EE Potential (with CEPAL), 2008

Dominica:

Request from Government to contribute to the energy policy with focus on Renewable Energy (2005)

Secondment of Regulatory Consultant to establish the IRC under the new ESA (2007)

Output 2: RE projects in preparation

Country	Project	Level of preparation	Potential developer	Remarks
St. Vincent	Hydropower dev. at new sites (Potential approx. 5 MW)	Pre-Feasibility	VINLEC	river gauging stations in VINLEC's Budget 2006
St. Vincent	5 -10 MW Wind park development	Site selection Pre-Feasibility	VINLEC	Wind measurements since Sept. 2005
Dominica	Hydropower upgrading and new 140 kW Mini hydro	Pre-Feasibility	DOMLEC or DOWASCO	Decision for further study pending
Dominica	5 MW Wind park development	Pre-Feasibility, site selection	DOMLEC	Wind measurement will start in 2006
St. Lucia	6 - 10 MW Windpark development	Pre-Feasibility, site selection	LUCELEC	Wind measurements since Sept. 2005
St. Lucia	New 150 kW Mini hydropower project at Roseau Dam	Pre-Feasibility	WASCO (Water Authority)	Project being considered by WASCO as option in conjunction with upgrading of the Roseau Dam
St. Lucia	Landfill gas	Feasibility	Burnsite (Canadian investor) with SLSWMA (Solid Waste Management Authority) and NIC (Nat. Insurance Comp.)	Feasibility study by Canadian investor, project provides expertise and "second opinion"
St. Lucia, St. Vincent Dominica	Solar Water Heating	Market study	Tourism sector (Hotels), commercial and domestic sector, perhaps utilities	Draft study finished, final in 3/2006
Jamaica	Solid Waste biogas at commercial scale	Pre-feasibility	SRC and NWC (Nat. Water Commission)	Not further assisted



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Output 2: RE projects submitted to pot. Investors so far

Country	Project	Level of preparation	Potential developer	Remarks
Jamaica	Great Laughland River Hydropower Project (new project 2 MW)	Feasibility	PCJ (Petrol Corporation)	PCJ is interested to invest, EIA and business plan is pending
St. Vincent	Richmond Hydropower Station upgrading and extension project (1,2 to 1,5 MW)	Feasibility, some construction work started	VINLEC	Decision of VINLEC's Board of Directors pending
St. Vincent	South River Hydropower Station upgrading and extension project (1,1 to 1,3 MW)	Feasibility, some construction work started	VINLEC	Decision of VINLEC's Board of Directors pending
St. Vincent	Owia Hydro Power Project (new project, 0,2 MW)	Feasibility	VINLEC	Decision of VINLEC's Board of Directors pending
Dominica	Old Trafalgar and Padu Hydropower Stations, upgrading and extension (1,5 MW)	Feasibility	DOMLEC	Decision of DOMLEC pending, more hydrological data required

Update on GTZ component of CREDP, PSC Meeting, St. Kitts/Nevis May 9-10, 2006

CREDP/GTZ Launch Phase II and Operations Planning Workshop, St. Lucia, October 7-8, 2008

Projects presently in preparation

Country	Project	Level of preparation	Potential developer	Remarks
Jamaica	Great Laughland River Hydropower Project (new project 2 MW)	Feasibility, financial and economic analysis,	PCJ (Petrol Corporation), WWF Ltd.	PCJ is interested to invest, EIA and business plan required, land issue is pending
St. Vincent	Richmond Hydropower Station upgrading and extension project (1,2 to 1,5 MW)	Feasibility, some construction work started	VINLEC	Decision of VINLEC's Board of Directors taken in 2006 to proceed with implementation, Call for interest published in 2007, KfW is preparing financing offer
St. Vincent	South River Hydropower Station upgrading and extension project (1,1 to 1,3 MW)	Feasibility, some construction work started	VINLEC	Decision of VINLEC's Board of Directors taken in 2006 to proceed with implementation Call for interest published in 2007, KfW is preparing financing offer



Caribbean Renewable Energy Development Programme (CREDP - GTZ)



Output 3: Capacity Building

- RE workshops and policy seminars with CARILEC
- Conferences with CEHI (CEF, CSEF)
- Study tours to Europe
- Specific seminars in Germany (TERNA/Wind)



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Output 4: Information/ networking

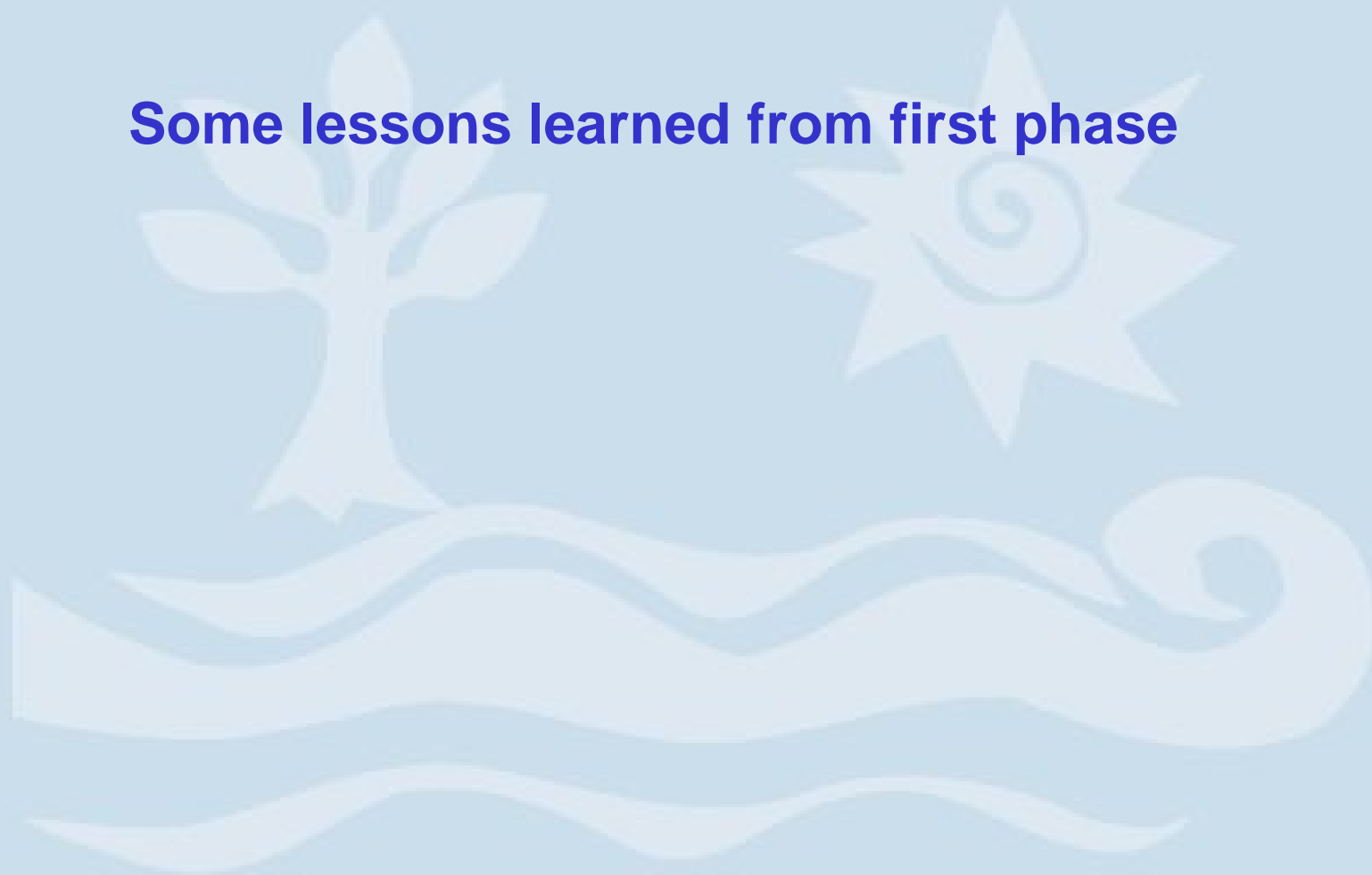
- **St. Lucia: energy week supported at annual basis**
- **PDF/ EU EI initiative: join wind project development, study tour and regional meetings (CAWEI)**
- **RE exhibitions in 2008 (SLU, Guyana, Barbados, Trinidad)**



Caribbean Renewable Energy Development Programme (CREDP - GTZ)



Some lessons learned from first phase



General challenges for investments in RE and EE projects:

- **Lack of consistent energy policies hampers private sector participation (e.g. legislation does not allow IPPs)**
- **Universal monopolies of utilities**
- **Lack of international (Bank) rating of benefiting country**
- **High debt burden of benefiting country (debt-to-GDP ratio) makes Government guarantees difficult**

General challenges for investments in RE and EE projects (cont.):

- High dept service of potential borrower/developer (e.g. utilities, due to large conventional projects)
- Lack of knowledge of and confidence in RE/EE Technologies at the level of banks and financing institutions
- Lack of in-house capacities (in banks) for due diligence of RE and EE projects

Specific challenges for investments in RE and EE projects

- **Land issues (St. Lucia, Jamaica, Grenada)**
- **Acceptance of wind power (Barbados)**
- **High dept burden (SVG)**
- **Low bank rating of borrowers**
- **Hesitance of bank to take higher risks for RE/EE projects (collateral for RE projects: 100 to 200% of investment !)**

Need for actions (i)

- **Governments need to:**
 - **regain control over the energy sector**
 - **formulate and implement sustainable energy policies and action plans**
 - **reform and liberalize the energy sector**

Need for actions (ii)

- **Electric Utilities need to:**

- open up for new energy policies and accept change of energy paradigm (move towards RE, EE, energy conservation)
- prepare for competition from IPPs
- learn about new energy technologies and their applications and operation (before IPPs do it....)

Need for actions (iii)

- **Banks need to:**
 - recognize their crucial role for RE/ EE development
 - accept the challenges that are inherent for RE and EE investments
 - review and change particularly their collateral - policy
 - develop and offer innovative financing products addressing the special need for RE/EE investment

Need for actions (iv)

- **Electricity consumers need to:**
 - learn about and apply energy saving methods
 - appreciate the value of electricity and its usage
 - accept the consequences of use of RE (e.g. impacts of wind, hydro, solar thermal, geothermal)
- **Be prepared for even higher electricity prices, if governments, utilities and banks do not move onto a sustainable energy practises!**

Recommendation by Mid Term Review:

(i) Second Phase of four years from 2008 recommend by Project Evaluation Team (03/2007).

(ii) Focus of second phase of CREDP/GTZ:

- Ensuring sustainability of the project by strengthening of new Energy Department of the CARICOM Secretariat**
- Extension of regional activities to further Caribbean countries (taking over assistance of former CREDP/UNDP countries, additional Dominican Republic and possibly Cuba)**
- Extension of project portfolio to include Energy Efficiency**
- Stronger cooperation with potential financing institutions like IDB, KfW, EIB, CDB from the beginning.**

Final Result of MTR and recommendations:

- Development Goal (remains):
Reduction of the Caribbean Region's dependency on fossil fuels and contribution to reducing GHG-emissions.
- ➔ Project Purpose (remains):
Creation of favourable framework conditions for RE-investments in selected countries.
- ➔ Counterpart: CARICOM Secretariat (remains)
Second Phase: 04/2008 – 03/2012, Volume: 4,5 Mio
- ➔ additional financing from ADA: 0,7 Mio €(under negotiation)
- ➔ Strengthening of the EU of CCS
- ➔ Extension to other countries
- ➔ Expansion of portfolio to Energy Efficiency
- ➔ Closer cooperation with financing institutions

Proposals for Second Phase:

- **Continuation of ongoing activities in outputs 1-4**
- **Regional expansion to further countries**
- **Inclusion of DomRep (in preparation)**
- **New activities in EE (household project, CHENACT etc.)**



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Thank you