Common Risk Mitigation Mechanism

Pool risks to de-risk investments

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GIF Advisory Council Meeting
18 April 2018

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- Power Sector
- Industrial Sustainability & Competitiveness
- Low-Carbon Pathways
- Risks & Adaptation
- Technology, Finance, & Trade
There are no off-take risk mitigation instruments dedicated to RE.

The existing instruments burden both issuers and users with high transaction costs and complex application processes causing prohibitive delays.

Existing risk-mitigation instruments do not comprehensively address the specific roadblocks faced by private investors.
Mechanics of De-risking

- The guarantee will cover portfolios of projects for 100% of the non-project related risks
- The platform will be used to manage the interface between the guaranteed portfolios and the reinsurers, creating the multi-stakeholder benefits
- Capitalisation of the guarantee will create the pipeline for claim clearance
Creating a global marketplace

- **Key**: Providing equal information to all participants via a digital platform

- **M**: Access to consolidated, harmonized markets

- **A**: Creating standardised investment product

- **G**: Guaranteeing investment and creating creditworthy demand

Source: CEEW, CII, TWI, TCX – CRMM Feasibility Study, 2017
Key Benefits

Low and middle income countries

- Harmonisation
- Transparency
- Affordable Power
- Larger power supply
- Simplification of tenders
- Compliance with international commitments

High income countries

- Transparency
- High financial leverage
- SDG7 & Paris Agreement
- Access to new solar markets
- Risk mitigation
- Process simplification

Solar developers

- Standardisation
- Consolidated markets
- Reduction of uncertainty
- Simpler risk management
- Refinancing

Energy industries

- Transparency
- New asset class
- Cash flows certainty
- Simplification of investment

Local and international capital markets

- Transparency

Source: CEEW, CII, TWI, TCX – CRMM Feasibility Study, 2017
Necessary Conditions for Success

- Diversified number and nature of market participants to ensure a genuine ‘competition effect’

- Claims managed effectively and provided the required amount of liquidity for PV projects and lenders

- CRMM guarantee recognised by the investor market to lower insurance cost

- Large-scale commitments secured from developers to create a strong pipeline

- Mechanism independent of political pressure

- High investment-grade credit rating
Scope of the Mechanism

- 15 GW in over 20 countries on a voluntary basis
- USD 15 billion of investment at current and forecasted rates
- Capitalisation of ~USD 1 billion to be leveraged
- Coverage limited to countries where participating insurers and re-insurers operate
- Geographical coverage to be expanded over time

Source: CEEW, CII, TWI, TCX – CRMM Feasibility Study, 2017
Thank you

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