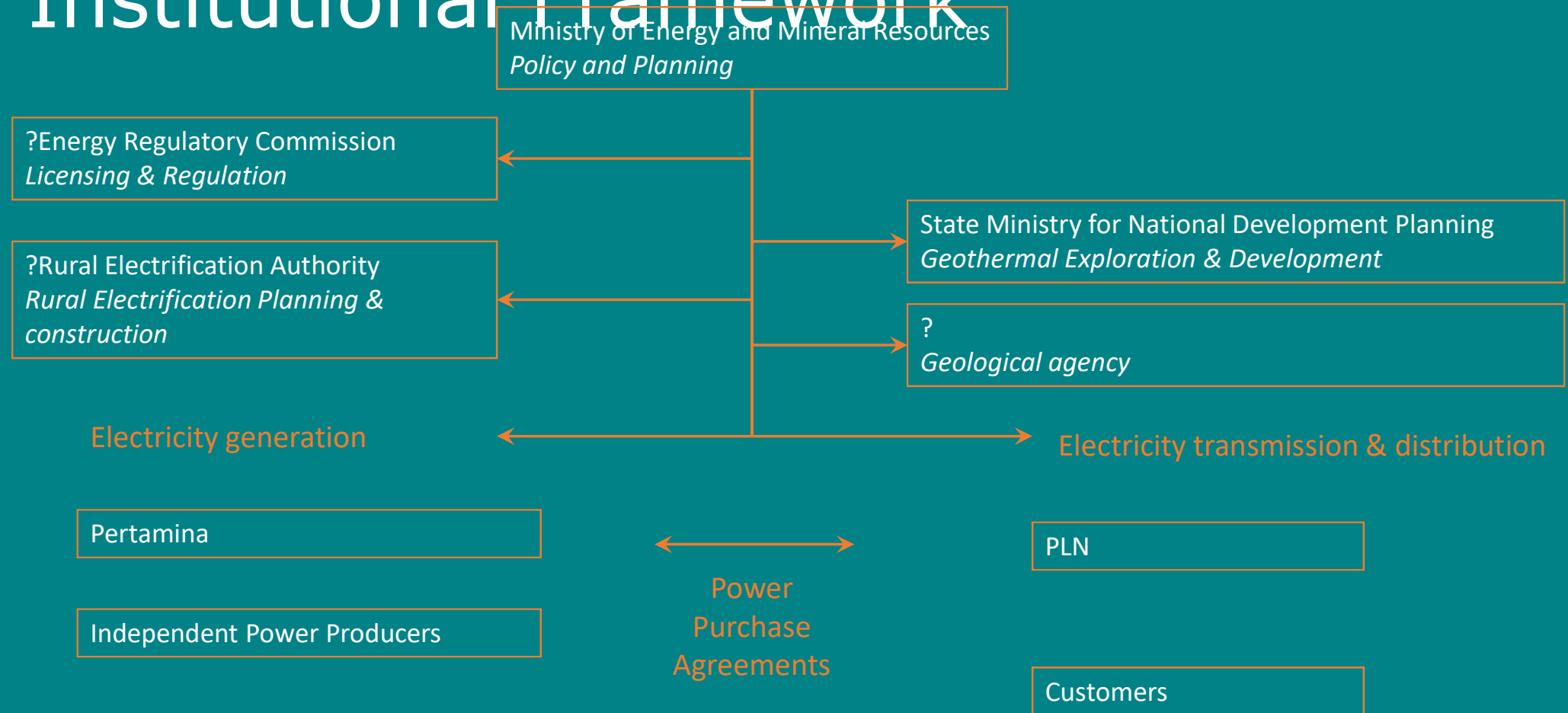
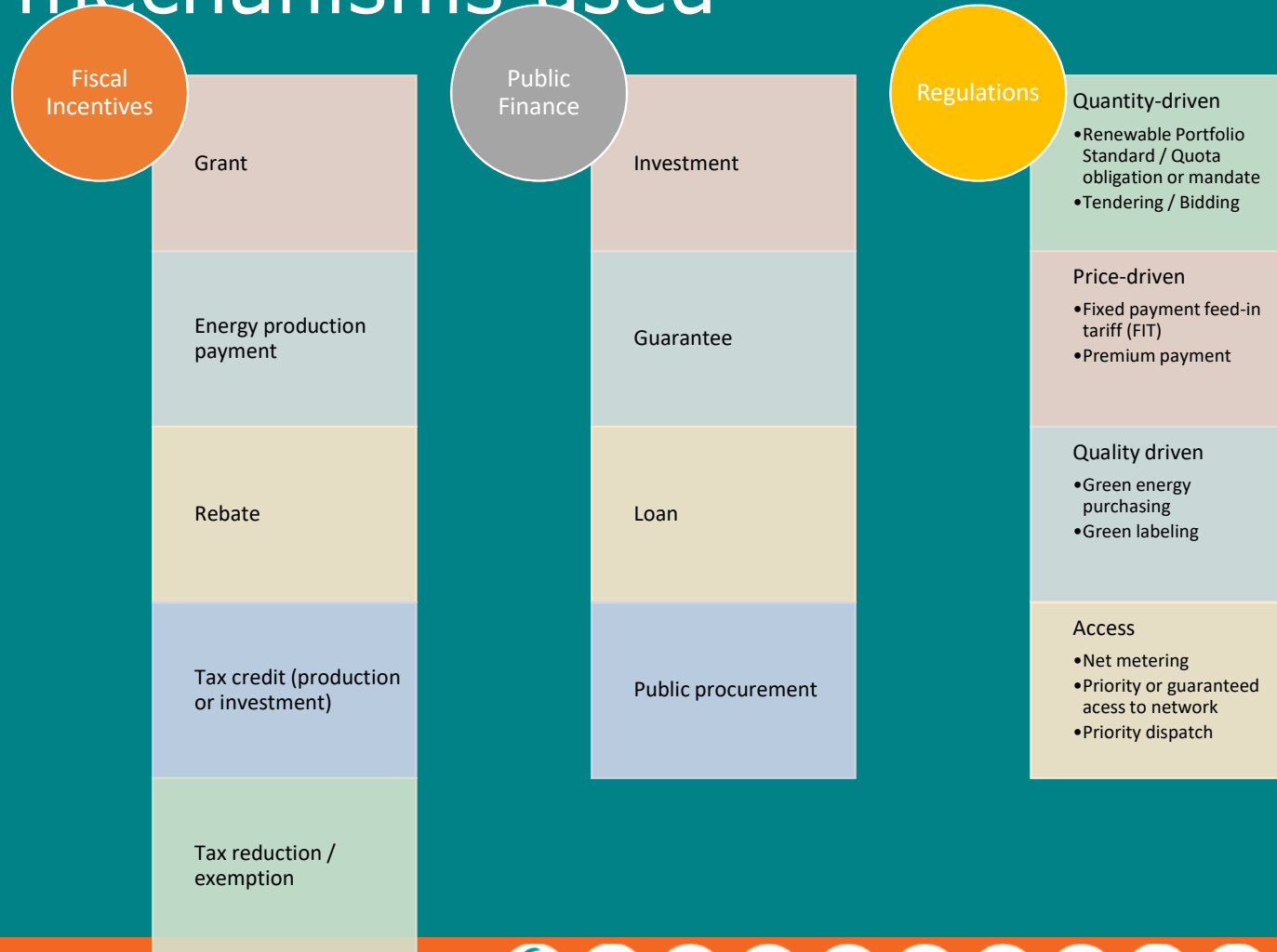


Institutional Framework



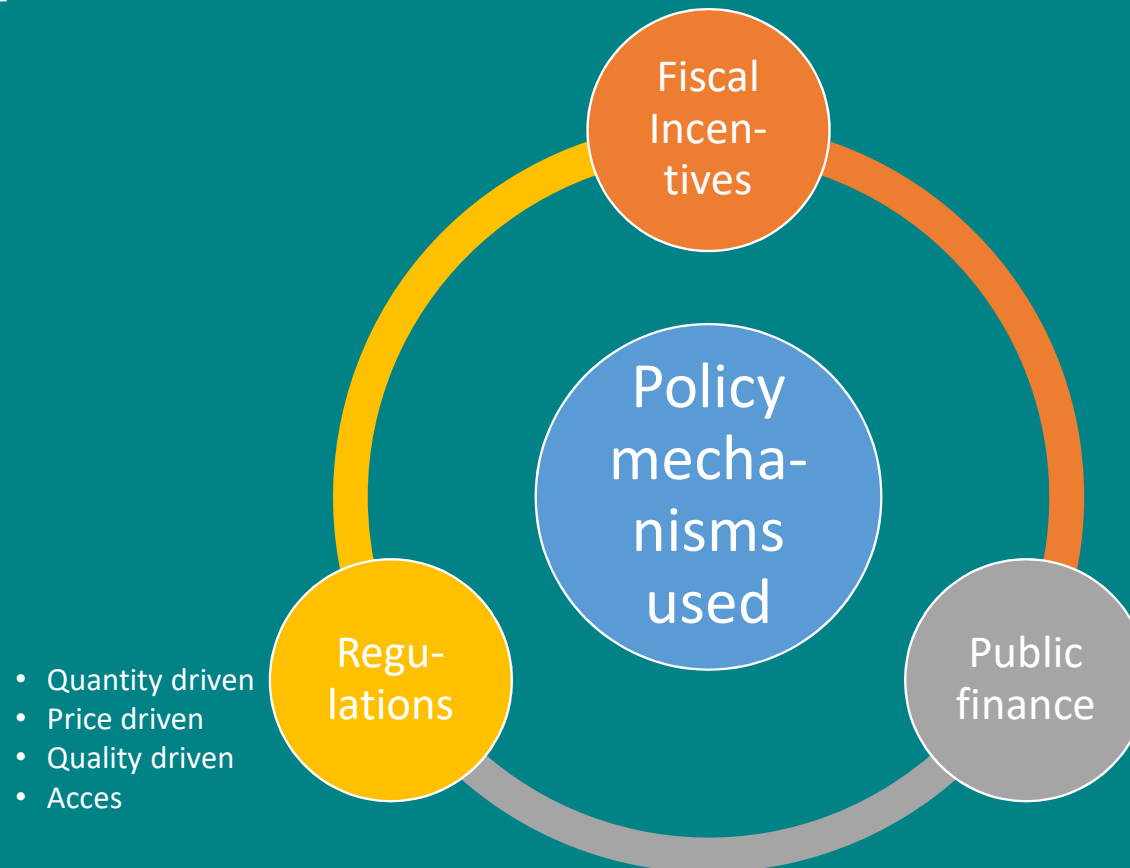
Policy mechanisms used



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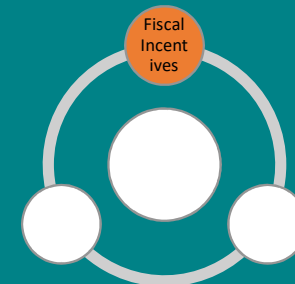


Policy mechanisms used



Source: Irena, policy brief, evaluating poicies in support of the deployment of renewable power; 2012. www.irena.org/publications

Fiscal Incentives



Grant

Monetary assistance
No repayment requirements
Usually conditional upon certain qualifications.
Grants (and rebates) help reduce CAPEX costs.
Grants may be used to create concessional financing instruments (e.g., allowing banks to offer low-interest loans for RE systems).

Energy production payment

Direct payment
By government
Per unit of RE produced.

Rebate

One-time direct payment
From the government to a private party
Cover a % or specified amount of the CAPEX.
Typically offered automatically to eligible projects, after completion
Not requiring detailed application procedures.

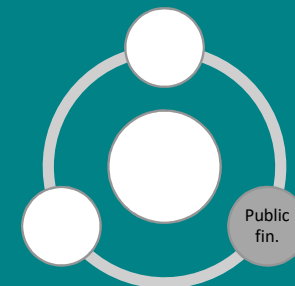
Tax credit (production or investment)

Provides the investor or owner with an annual income tax credit
Based on the amount of money invested in that facility
Or based on the amount of energy that it generates during the relevant year.
Allows investments in RE to be fully or partially deducted from tax, obligations or income.

Tax reduction / exemption

Reduction in tax including but not limited to sales, value-added, energy or carbon tax
applicable to the purchase (or production) of RE or RE technologies.

Public finance



Investment

Financing provided in return for an equity ownership interest in a RE company or project.

Usually delivered as a government-managed fund

Direct investment in equity and companies,

Or as funder of privately managed funds (fund of funds).

Guarantee

Risk-sharing mechanism

Aimed at mobilizing domestic lending from commercial banks that have high perceived credit (i.e., repayment) risk.

Typically a guarantee is partial, it covers a portion of the outstanding loan principal (50 - 80% common).

Loan

Financing provided in return for a debt (i.e., repayment) obligation.

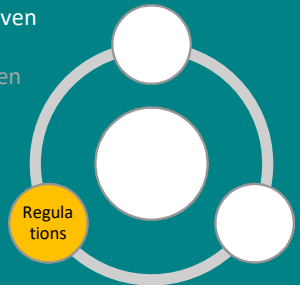
Provided by

- government,
 - development bank
 - investment authority
- usually on concessional terms
- e.g., lower interest rates or
 - with lower security requirements.

Public procurement

Public entities preferentially purchase RE services (such as electricity) and/or RE equipment

- Quantity driven
- Price driven
- Quality driven
- Access



Regulations – *Quantity-driven*

Renewable Portfolio Standard / Quota obligation or mandate

Obligates designated parties (generators, suppliers, consumers) meet minimum (often gradually increasing) RE targets,

- generally expressed as percentages of total supplies or
- as an amount of RE capacity, with costs borne by consumers.

Building codes or obligations requiring installation of RE heat or power technologies

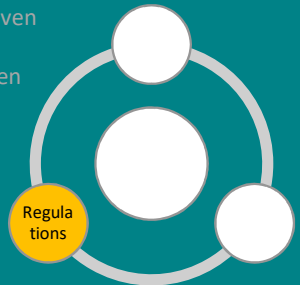
Often combined with efficiency investments (RE heating purchase mandates).

Mandates for blending biofuels into total transportation fuel in % or specific quantity.

Tendering / Bidding

Public authorities organise tenders for given quota of RE supplies or supply capacities, remunerate winning bids at prices mostly above standard market levels

- Quantity driven
- Price driven
- Quality driven
- Access

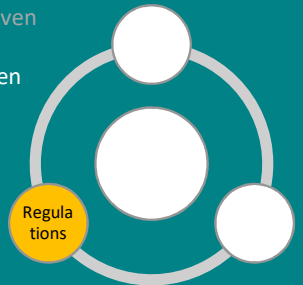


Regulations – *Price-driven*

**Fixed payment
feed-in tariff (FIT)** Guarantees RE supplies
with priority access and
dispatch
Setting a fixed price
varying by technology
per unit
Delivered during a
specified number of
years.

**Premium payment
FIT** Guarantees RE supplies
an additional payment
on top of their energy
market price or end-use
value.

- Quantity driven
- Price driven
- Quality driven
- Access



Regulations – *Quality driven*

Green energy purchasing

Regulates the supply of voluntary RE purchases by consumers beyond existing RE obligations.

Green labelling

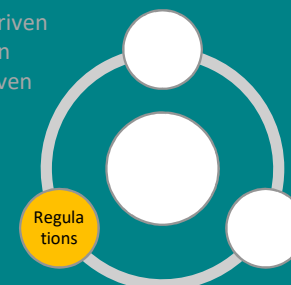
Government-sponsored labelling

- there are also some private sector labels
- Guaranteeing that energy products meet certain sustainability criteria to facilitate voluntary green energy purchasing.

Some governments require labelling on consumer bills, with full disclosure of the energy mix (or share of RE).

Regulations – Access

- Quantity driven
- Price driven
- Quality driven
- Access



Net metering (also net billing)

Allows a two-way flow of electricity between the electricity distribution grid and customers with their own generation.

The meter flows backwards when power is fed into the grid

Power compensated at the retail rate during the 'netting' cycle

regardless of whether instantaneous customer generation exceeds customer demand.

Priority or guaranteed access to network

Provides RE supplies with unhindered access to established energy networks.

Priority dispatch

Mandates that RE supplies are integrated into energy systems before supplies from other sources.

Successful Geothermal Development

Key Elements:

- availability of sufficiently accurate geothermal resource data and other relevant information
- effective and dedicated institutions
- supportive policies and regulations
- access to suitable financing for the project developer