The impact of high financing costs on renewable energy
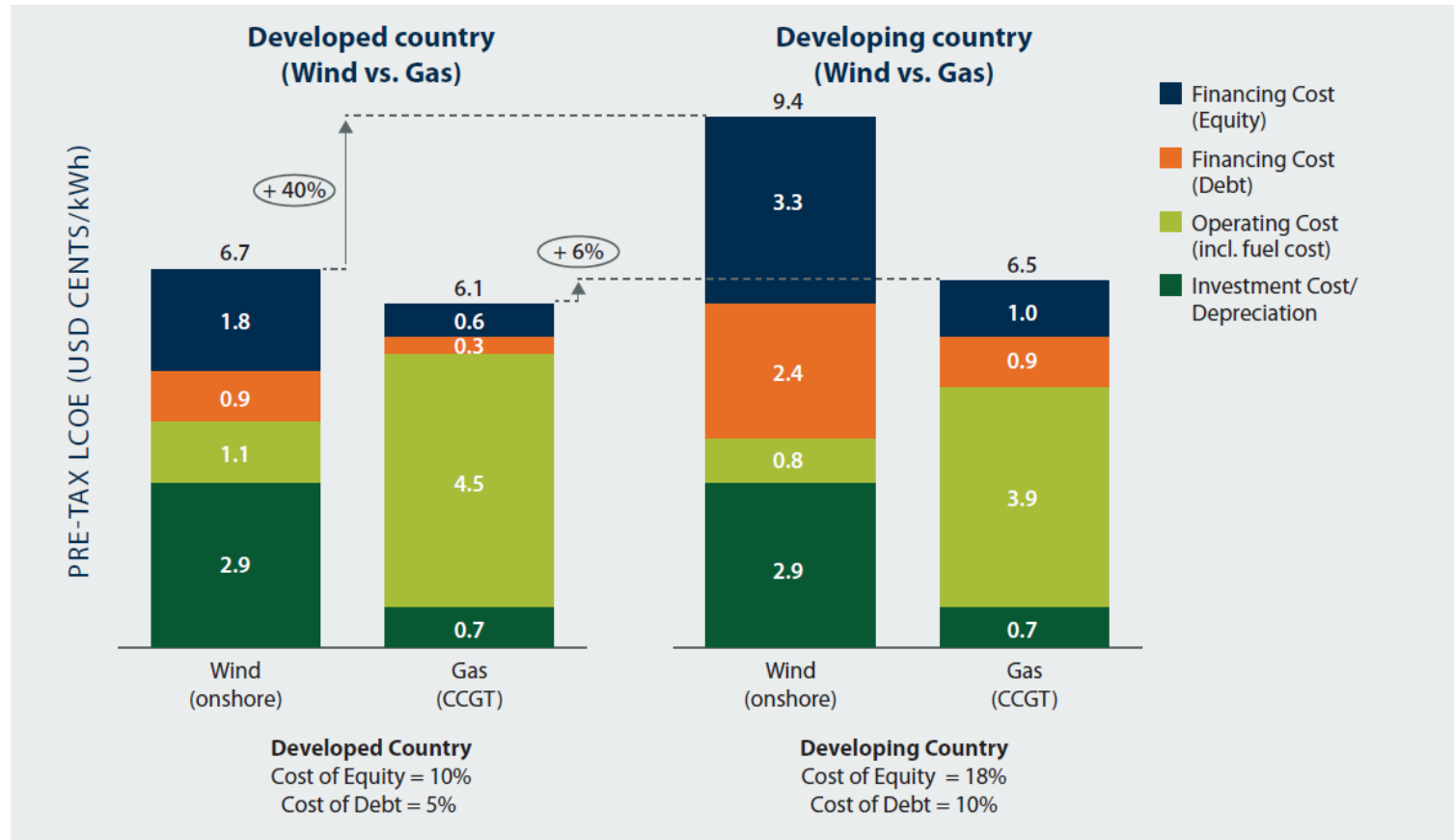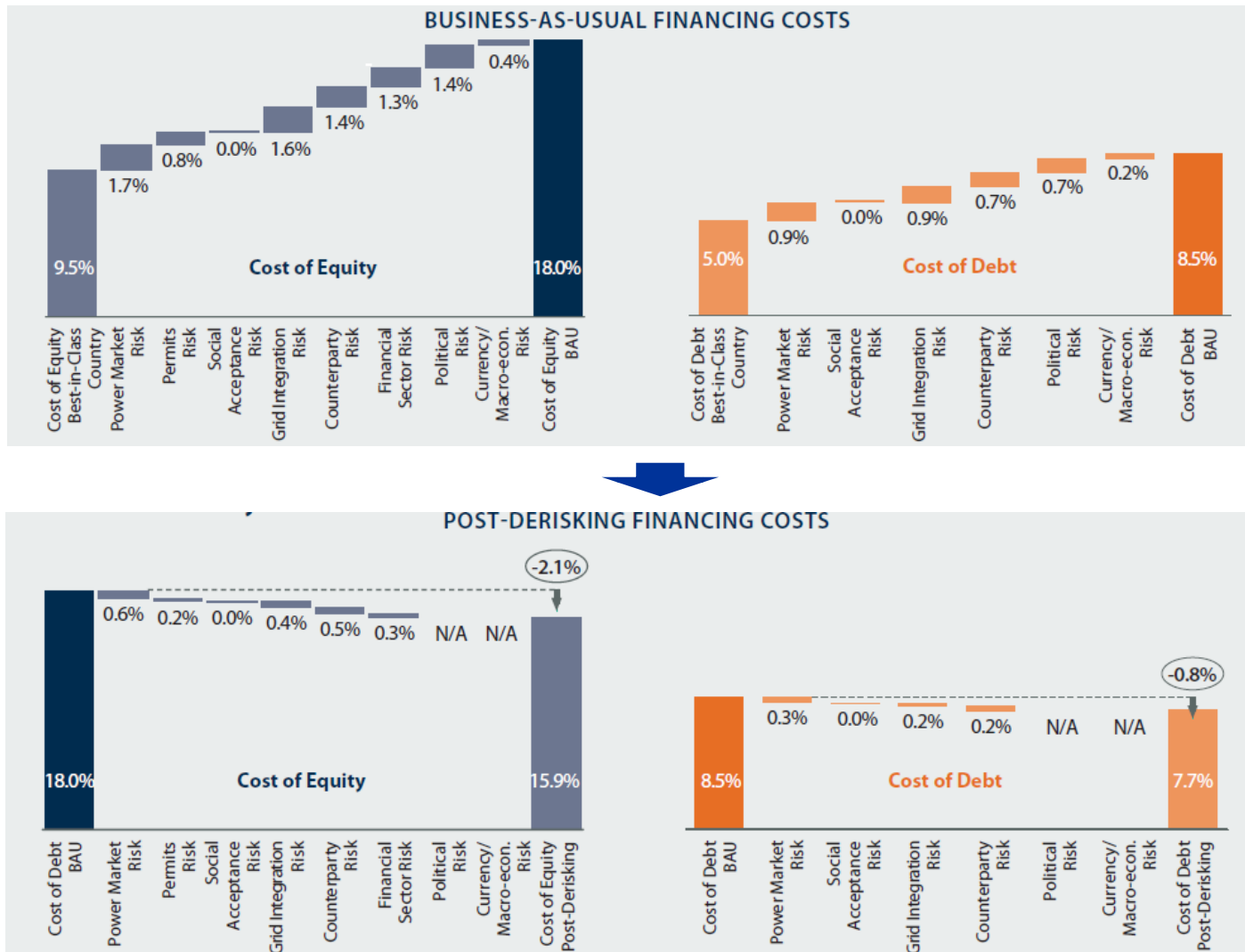
**RENEWABLE ENERGY VS FOSSIL-FUEL ENERGY
DEVELOPED VS. DEVELOPING COUNTRIES**
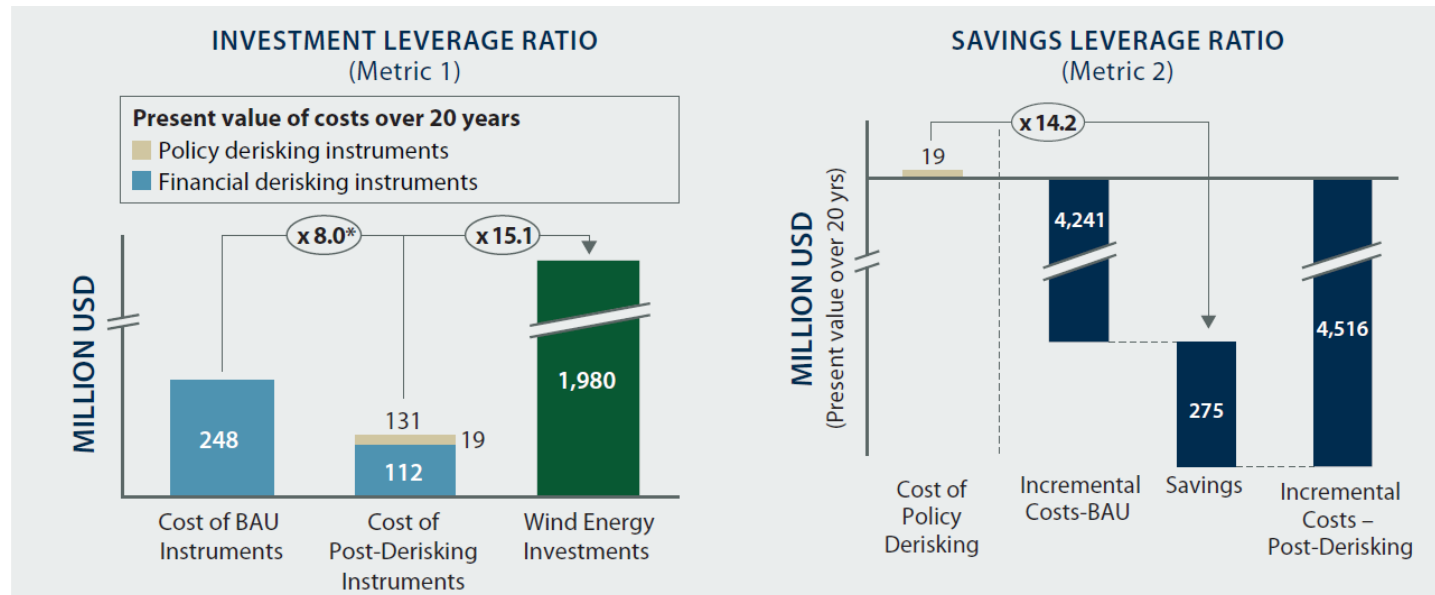
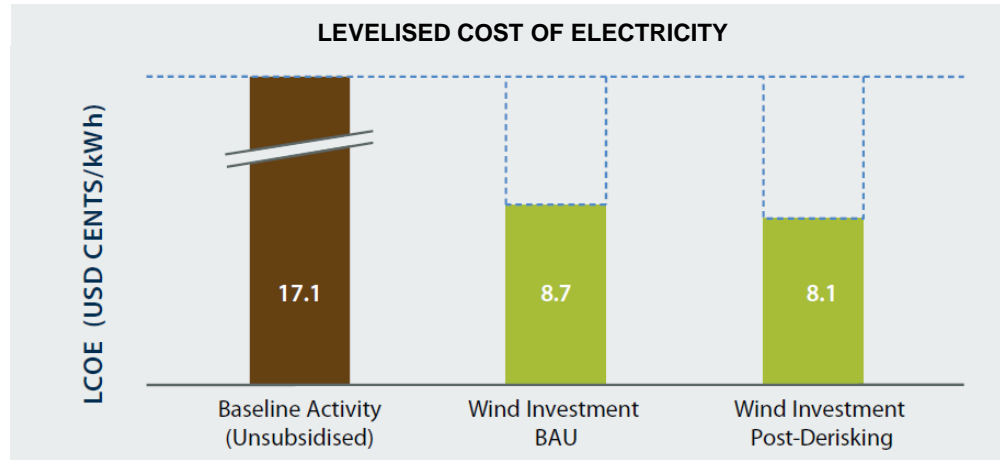# *Derisking Renewable Energy Investment*
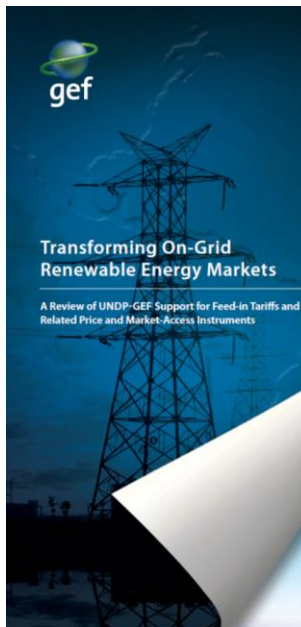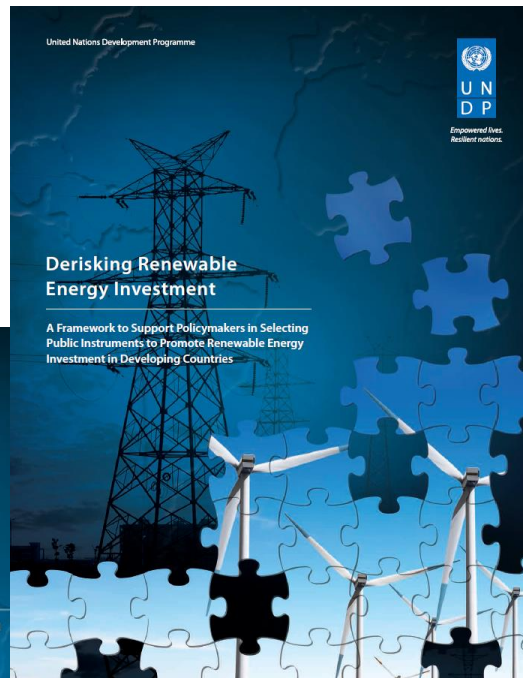# Illustrative case-study - Kenya (1 GW, wind)

Source: UNDP, *Derisking Renewable Energy Investment (2013)*. Data obtained from interviews with wind investors and developers. See Annex A of the report for full assumptions. The post-derisking cost of debt and equity show the average impacts over a 20 year modelling period, assuming linear timing effects.

Derisking Renewable Energy Investment
Illustrative case-study - Kenya (1 GW, wind)

LEVELISED COST OF ELECTRICITY

LCOE (USD CENTS/kWh)

- Baseline Activity (Unsubsidised): 17.1
- Wind Investment BAU: 8.7
- Wind Investment Post-Derisking: 8.1

INVESTMENT LEVERAGE RATIO (Metric 1)

Present value of costs over 20 years
- Policy derisking instruments
- Financial derisking instruments

MILLION USD

- Cost of BAU Instruments: 248
- Cost of Post-Derisking Instruments: 112 / 131 / 19
- Wind Energy Investments: 1,980

x 8.0*   x 15.1

SAVINGS LEVERAGE RATIO (Metric 2)

MILLION USD (Present value over 20 yrs)

x 14.2

- Cost of Policy Derisking: 19
- Incremental Costs-BAU: 4,241
- Savings: 275
- Incremental Costs – Post-Derisking: 4,516

Source: UNDP, *Derisking Renewable Energy Investment (2013)*. See Chapter 3 and Annex A of the report for full assumptions.

Reports & Financial Tool

Available at www.undp.org