

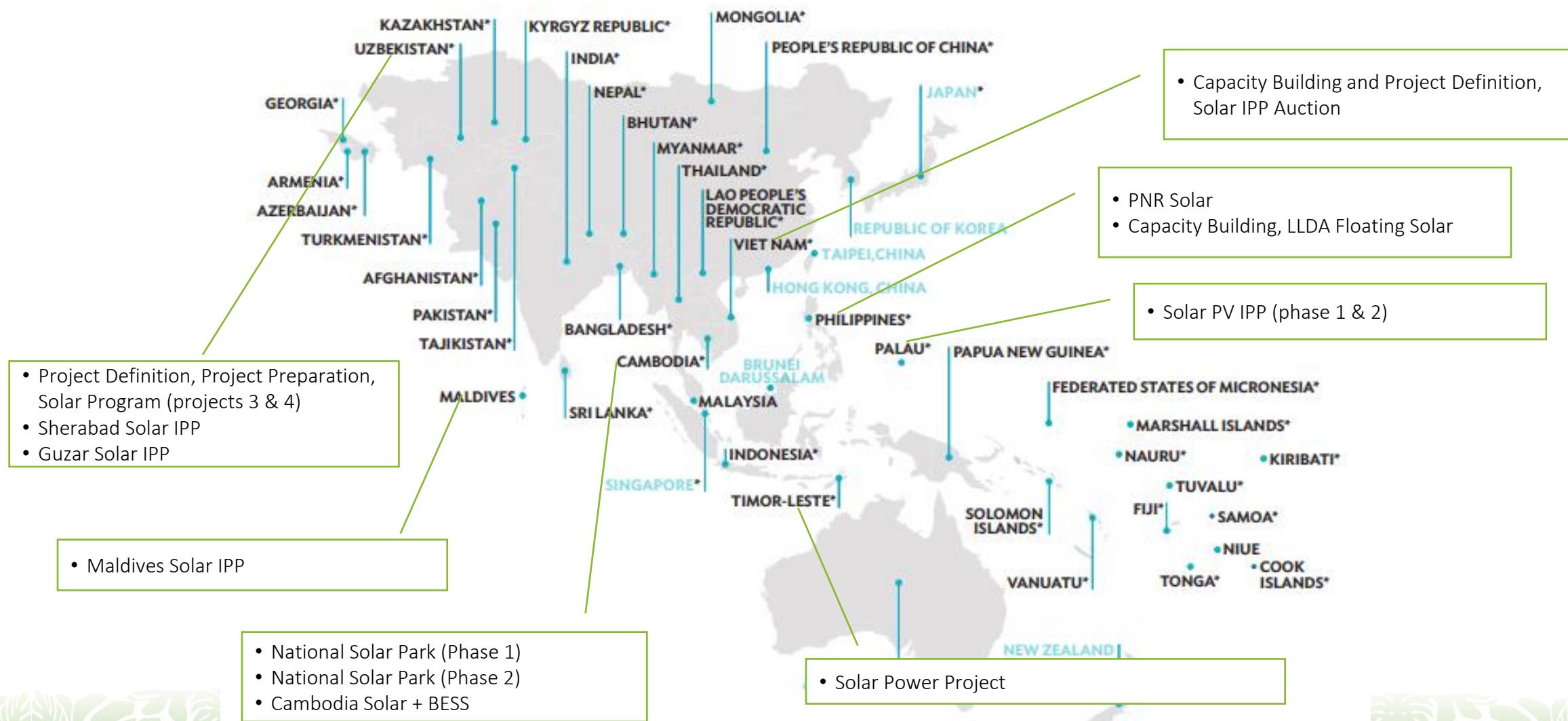
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# Session 5: Unlocking renewable potential in PNG – success stories and lessons learned from ADB's Experiences in Asia and the Pacific

PNG NATIONAL POWER SECTOR FORUM

03 April 2025

# ADB – OMDP support to solar projects



# Transaction Advisory Services: Typical Scope of Works

ADB's transaction advisory services typically includes the following **scope of works**:

1

## Project and tender preparation (5-6 months)<sup>1</sup>

- ▶ Site identification
- ▶ Preparation of feasibility studies (technical, commercial and financial)
- ▶ Legal and regulatory analysis
- ▶ Customized tender and project documents
- ▶ Market sounding with potential investors and lenders

2

## Credit enhancement<sup>2</sup>

- ▶ Improve credit worthiness of the project

3

## Tender process and award (6-7 months)<sup>1</sup>

- ▶ Tender management
- ▶ Review of proposals
- ▶ Negotiation, award and execution of project documents

4

## Financial close<sup>2</sup>

- ▶ Finalization of financing agreements
- ▶ Conditions precedent

5

## Monitoring Support<sup>2</sup>

- ▶ Monitoring the progress of:
  - ▶ Construction
  - ▶ Commissioning and



### Notes:

1. Timeline based on the development of a solar project
2. Optional depending on the result of TAS advisory and market sounding



# OMDP Approach in UZB and CAM

OMDP's approach to projects in the renewables sector is based on **two key pillars**:

## Balanced Risk Allocation

- ▶ OMDP **allocates risk** to the party that is better equipped to manage them
- ▶ *Examples*: Technical requirements in Cambodia and curtailment risk

## Tailor-made approach

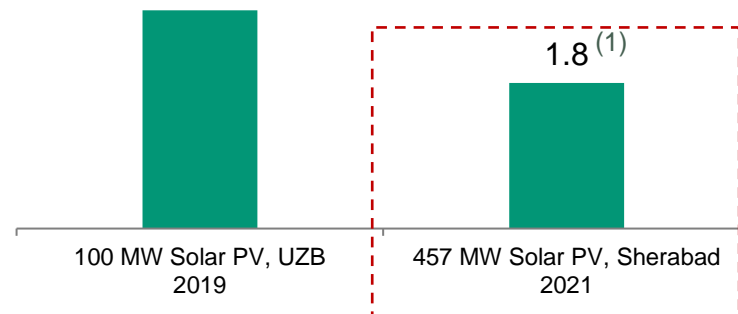
- ▶ OMDP does not propose one size fits all solutions based on international best practices ignoring local factors.
- ▶ We propose to working collaboratively with our clients
- ▶ *Examples*: Credit risk in Cambodia and Uzbekistan

The results of OMDP's work in both Cambodia and Uzbekistan have demonstrated that

### Solar PV Tariffs – Uzbekistan

2.7 (US cents / kWh)

OMDP advised



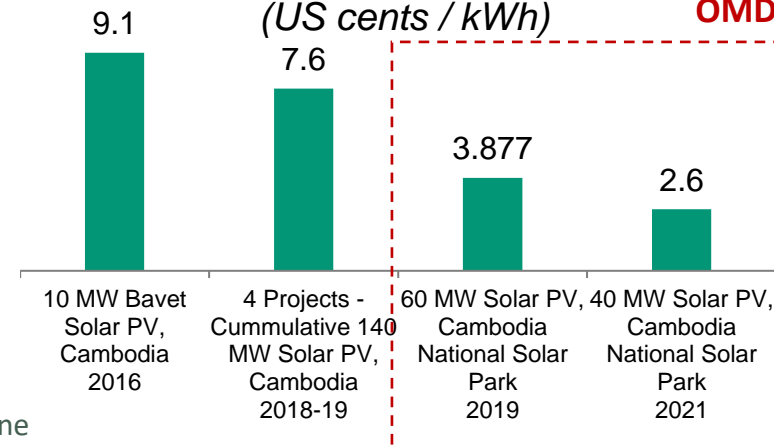
**Note:**

1. Includes 0.20 US Cents/kWh to cover the cost of the transmission line

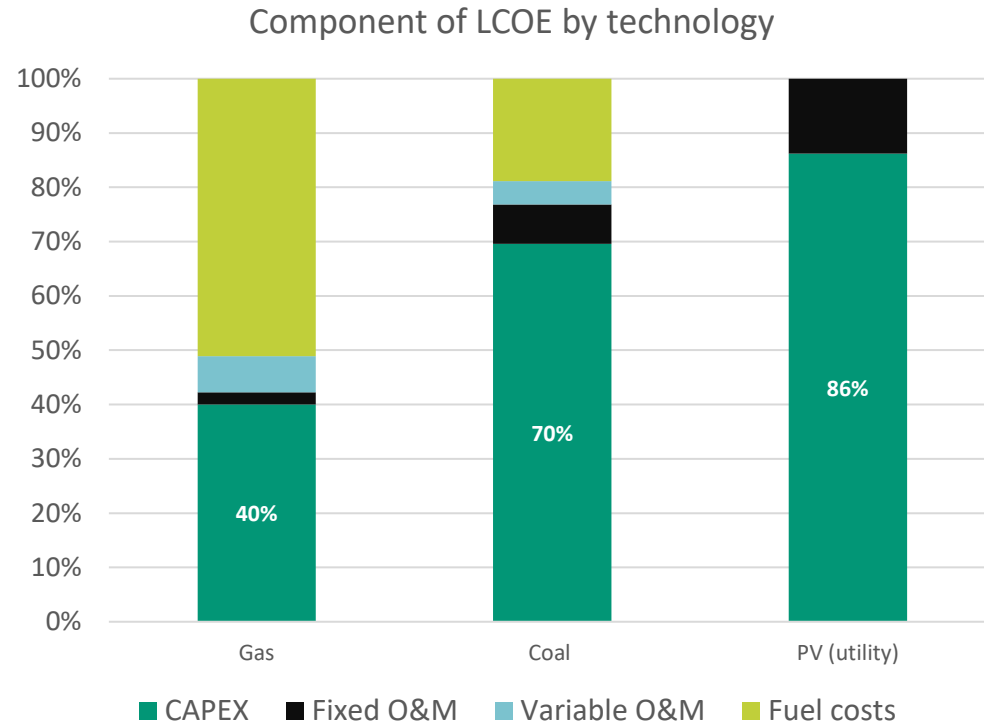
### Solar PV Tariffs – Cambodia

(US cents / kWh)

OMDP advised



# CAPEX and financing are the two main levers for tariff



- CAPEX is the key driver of most renewable energy prices
- Reducing CAPEX through project optimization is key to lower tariff:
  - Land acquisition
  - Supporting infrastructure
  - Concessional funds
- Financing is even more important for renewable because of the importance of CAPEX

Source: Lazard LCOE+ <https://www.lazard.com/media/xemfey0k/lazards-lcoeplus-june-2024-vf.pdf>

# OMDP TAS Case Study: Cambodia National Solar Park

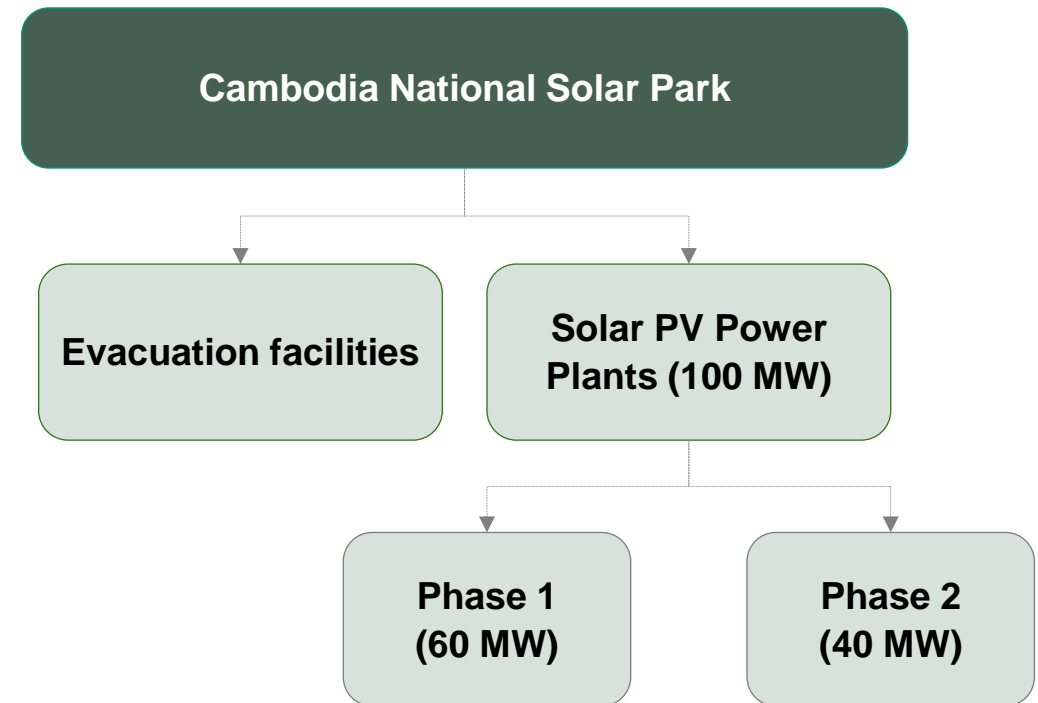
## Background

- ▶ ADB worked with Electricite Du Cambodge (EDC), to unlock the potential of solar energy in Cambodia
- ▶ ADB provided end to end support to EDC including upstream support, transaction advisory services, and financing (both sovereign and non-sovereign)
- ▶ This engagement demonstrated the ability of large-scale solar to improve the electricity supply and stability of the national grid, substitute power imports, reduce reliance on fossil-fuel and complement hydropower generation.

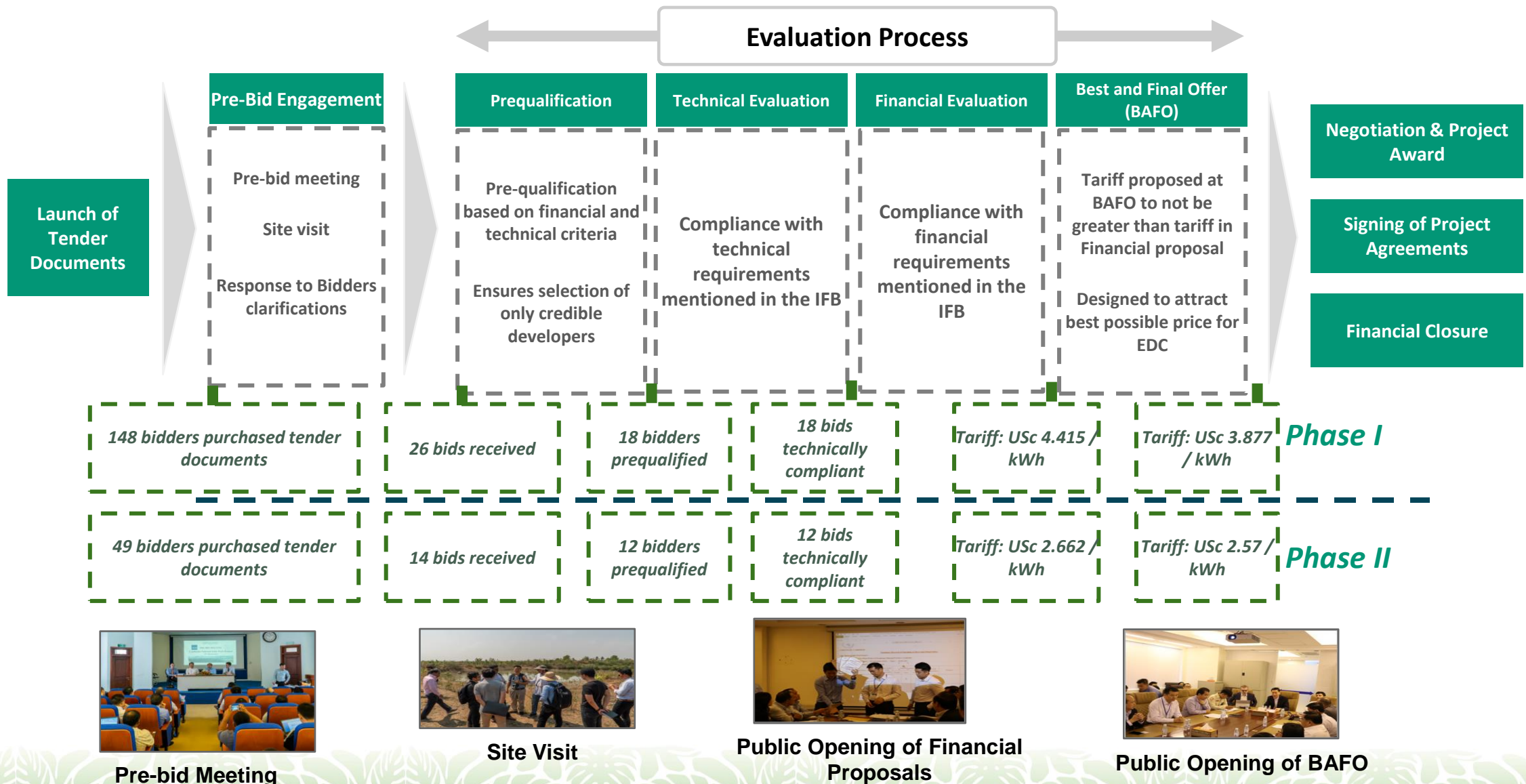
## Cambodia National Solar Park

- ▶ The Cambodia National Solar Park, a solar park with 100 MW capacity located 60-70km away from Phnom Penh, was at the center of ADB's support

## Project Elements



# OMDP TAS Case Study: Cambodia National Solar Park - Results



# Cambodia National Solar Park – Lessons learned

- Strategy to attract private investors based on four pillars

## Competitive Bidding

- Private capital committed to solar projects greatly exceeds well-structured solar projects
- Transparent and well-managed competitive processes (auctions) are likely to result in lower prices and better conditions for buyer of power
- Ensure desired type of investors are comfortable with key parameters

## Land identification and acquisition

- International bidders have a competitive disadvantage to identify and acquire a suitable site but they bring the right level of technical skills and efficiency
- Land identification and acquisition conducted by public sector
- Simplify scope of works to increase universe of potential bidders (transmission line)

## Bankable PPA

- Importance to utilize “standard” provisions in key project contracts
  - Maximize interest from potential bidders
  - Ensure interest from lenders and limit problems downstream
- Custom made approach:
  - Lenders: a key stakeholder
- Impact on implementation timeline

## Credible international advisors

- Transparency
- Signal commitment to project implementation



# Unlocking PNG's potential - How can we help ?

**Competitive  
Bidding**

**Land  
identification  
and acquisition**

**Bankable PPA**

**Credible  
international  
advisors**

**ADB proposes a holistic  
strategy to support PNG in  
the development of  
renewable energy**

Detailed Feasibility Analysis
End-to-end Tender Process Management
Financing (Sovereign, Private Sector and Climate Finance)



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# Thank You