

# Reducing Capital Expenditures for (Solar) Mini Grids

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## Top 3 most urgent/important issues to resolve:

- Design of the system - improving the efficiency in design; innovation and flexibility.
- Cost categorization - understanding the relative weight of each cost component
- Understanding and improving the overarching planning vision

# Solutions – Issue #1

Issue: Design of the system has a direct impact on the cost

Solution A: improving the efficiency in design; innovation and flexibility

- What can government do?
  - Land access, regulation and R&D, permitting, etc.
- What can private sector (developers/financiers) do?
  - Modular designs; but so can bundling and economies of scale; remote monitoring; hybridization with diesel
- What can development partners do?
  - Facilitate ownership and strengthen partnerships; matchmaking and lessons learned; create adaptive and flexible financing mechanisms

# Solutions – Issue #2

Challenge: Cost categorization per the lifecycle of the mini grid

Solution A: understanding the relative weight of each cost component

- What can government do?
  - Standardization the level of minimum quality needed in order to compare apples to apples; facilitate scalability; capacity building; more favorable regulation and remove barriers for duties and tax exemptions.
- What can private sector (developers/financiers) do?
  - Revenue collection; automatization; specialization could reduce costs (specialized SMEs); distribution component can be reduced focusing where the population concentration is high.
- What can donors do?
  - Helping standardize the costs at an international level; benchmarking for the components