

Gumuskoý Geothermal PP, Turkey

First Geothermal Dialogue
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Why is Gumuskoy GPP interesting

Development and Financing model

- Heavy exploration and development risk appetite from developer
- Public-private financing

<i>Debt</i>				
EBRD MidSEFF	Loan	Public	24.9	50%
Yapikredi	Lease Finance	Private	9.6	20%
<i>Equity</i>				
BM Holding	Equity	Private	15.1	30.0%
Total Project Cost			49.6	

Context for the Project

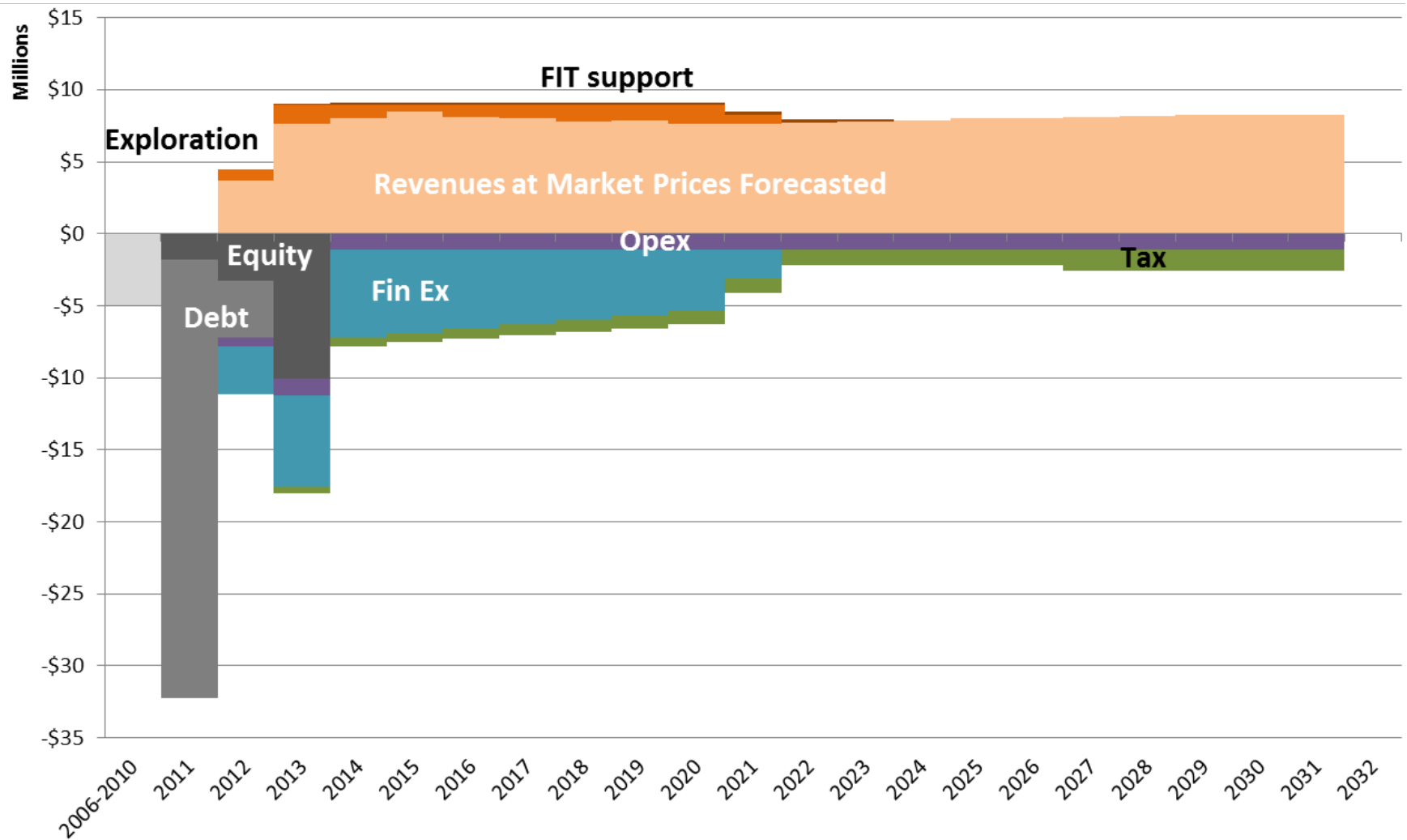
Policy and regulatory changes

- 2007 Geothermal law
- 2010 Renewable Energy law amendment

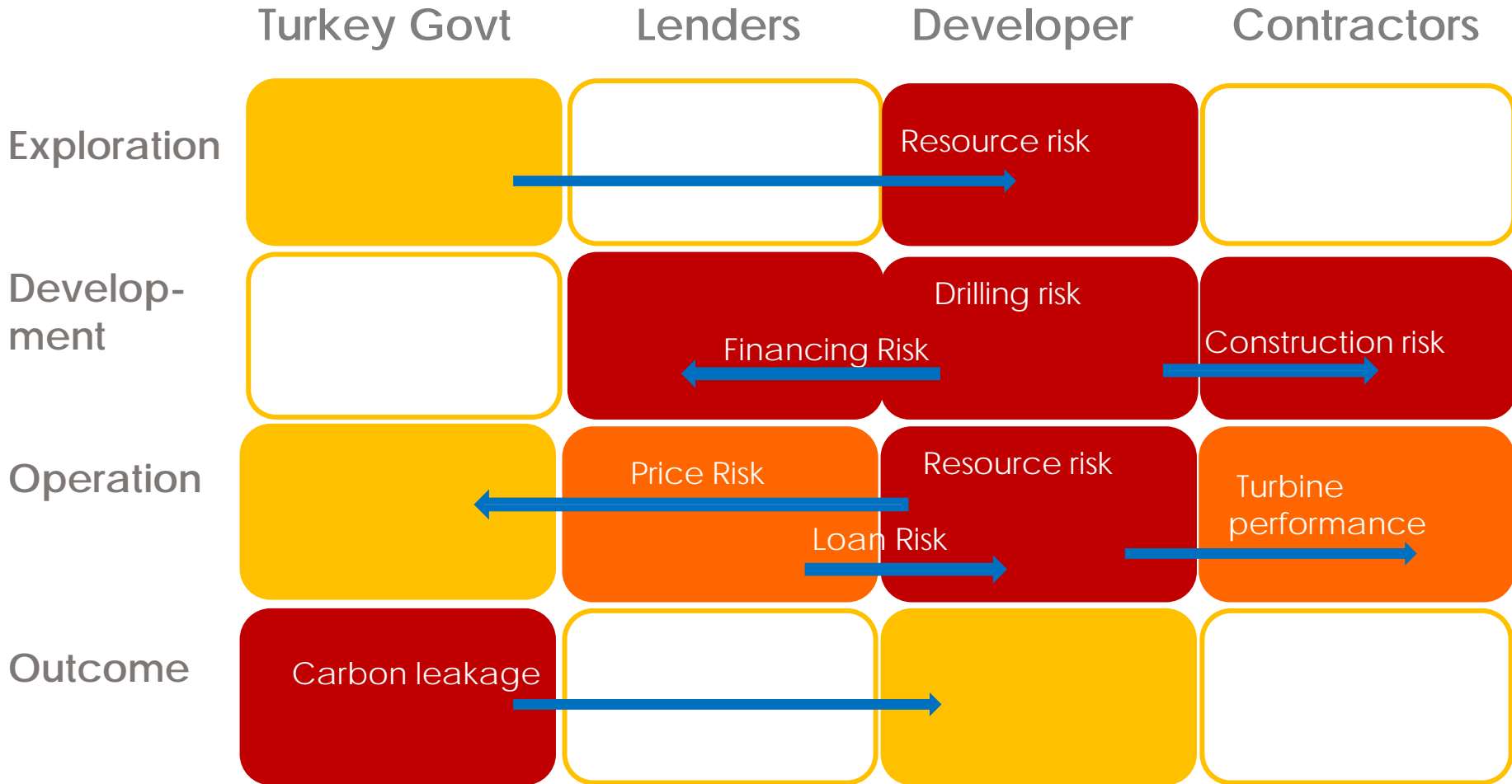
Project Timeline



Gumuskoy GPP: Role of public finance



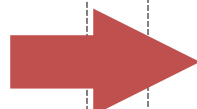
Risk Allocation and Mitigation



Gumuskey GPP: Early Takeaways

Challenges

- Private-sector risk appetite for exploration
- Provide certainty to cover cost of risk capital
- Access to debt capital at suitable rate and tenor



Responses/Results

- Transferable skills/knowledge base to manage risk
- 10 year FIT plus high equity IRR
- 2-3 year longer tenor at 200-250bps cheaper cost of capital

Gumuskey GPP: Early questions for policy

- Managing carbon leakage risk
- Encouraging significant private activity vs limited role in policy targets

Beyond Turkey – can private sector take exp. risks

- Transferability of existing drilling and geological resource management skills/knowledge in-country
- Identifying private sector capability/appetite
- Identifying local banks to channel public finance

Thank you!



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Questions for Discussion

- What are the implications for **private sector exploration model** for growth of geothermal in Turkey?
- What are the technology and financing challenges of **medium-enthalpy binary** plants
- What is the role of international **development finance** for ensuring project feasibility?
- Were all **risks allocated** to those best suited to manage them?
- How will future **changes to regulations** alter project development?
- What are **Government's lessons** from this type of project for their geothermal development strategy going forward?