



First Geothermal Dialogue: Effective financing of geothermal development – what have we learned?

24 October 2014

UN City Copenhagen FN Byen, Marmorvej 51, Denmark

A meeting organized by **Climate Policy Initiative**
in partnership with the **Climate Investment Funds & ESMAP**

This meeting is the first of a **series of Geothermal Dialogues** that will take place over the next year, aimed at **bringing together major actors in financing geothermal development, to enable a global sharing of experiences and to explore emerging lessons in the quest to scale up effective geothermal finance**. The Dialogue will assemble countries receiving support from the CIF for geothermal projects and host countries involved in other ('non-CIF') geothermal projects, donor countries, project developers & financiers, multilateral development banks, representatives of the CIF Administrative Unit and a few selected additional participants.

8:30 – 9:00 *Registration and Light Breakfast*

9:00 - 9:30 **Welcome to the Geothermal Dialogue**

- **Thomas C. Heller**, Executive Director, Climate Policy Initiative

This session revisits the purpose and objectives of the Geothermal Dialogues and introduces focal themes and questions to guide our discussions. A tour de table will first introduce all participants and identify priority areas of interest of the Group.

9:30 - 10:45 **The Geothermal Landscape: Setting the Scene**

This session sets the scene for discussing the current state of geothermal based on a background paper that describes the current landscape of geothermal development financing, including the development of the technology, the financial models and the role of policies and public investment in driving progress. After an opening presentation, representatives of countries engaged in geothermal development will share their perspectives for investing in this energy source.

Chair: **Shaanti Kapila**, Global Support Program Coordinator, Administrative Unit, Climate Investment Funds

Opening Presentation:

- **Valerio Micale**, Analyst, Climate Policy Initiative

Opening Comments:

- **Paul Ngugi**, Chief Manager, Business Development, Geothermal Development Corporation, Kenya
- **Dina Irvina**, Acting Head of State Owned Enterprises Risk Division, Fiscal Policy Office, Ministry of Finance, Indonesia
- **Tamara Babayan**, SREP Coordinator and Director of the R2E2 fund, Armenia

Roundtable Discussion

10:45 - 11:15 *Coffee Break*

11:15 - 13:00 **Financing Geothermal Development: The roles of the public and private sector in the Gumuskoy Geothermal Power Plant project**

This session discusses a case study on the **Gumuskoy Geothermal Power Plant Project** by BM Holding Group in Turkey. Although relatively small-scale, the project was entirely developed by the private sector from the exploration stage (it was the first private sector-led high enthalpy geothermal discovery in Turkey) providing significant lessons for the expansion of the sector both in Turkey and globally. The project was financed with a debt to equity ratio of 70:30 through an EBRD MidSEFF \$24,9m loan; a \$9,6m lease finance loan; and \$15m in equity.

Based on this concrete example, financiers and experts from the host country will comment on the roles of the public sector and the private sector (e.g., national policies, financing structure, risk allocation).

Chair: **Pierre Audinet**, Senior Energy Economist, ESMAP

Overview Presentation:

- **Padraig Oliver**, Analyst, Climate Policy Initiative

Opening Comments:

- **Deniz Yurtsever**, Project Manager, MWH Global (Midseff team) - on behalf of **Caglan Kuyumcu**, Vice-Chairman, BM Holding
- **Tom Harding-Newman**, Operations Officer, International Finance Cooperation (IFC)
- **Adonai Herrera-Martinez**, Principal Manager, European Bank for Reconstruction and Development

Roundtable Discussion

13:00 - 14:15 *Lunch*

14:15 - 15:45 Financing Geothermal Development: Perspectives from project developers and financiers - Panel and roundtable discussion

This session focuses on recent developments from the financing perspective, with insights from projects developers, technology providers, and both public and private investors. Panelists will share experiences and explore how existing geothermal projects can identify viable financing and policy options to mitigate explorations risks, achieve economies of scale, reduce costs, and close the competitiveness gaps.

Chair: **Thomas C. Heller**, Executive Director, Climate Policy Initiative

Panelists:

- **Nachman Isaac**, VP for Project Finance, Ormat Technologies
- **Gunnar Örn Gunnarsson**, COO and Board Member, Reykjavik Geothermal, Iceland
- **Ahmet Tohma**, Manager Energy Finance, Garanti Bank
- **Enrique Nieto**, Director of Sustainable Projects, NAFIN, Mexico

Roundtable Discussion

15:45 - 16:15 *Coffee Break*

16:15 - 17:00 Stocktaking Session: What have we learned?

Moderation & wrap up: **Barbara Buchner**, Senior Director, Climate Policy Initiative

The concluding session invites a broad discussion amongst participants to highlight priorities for the going forward. Based on the previous sessions, the aim is to draw preliminary lessons and highlight key issues that require further attention to render geothermal financing effective.

17:00 - 17:30 Conclusion and Next Steps

Chair: **Rohit Khanna**, Program Manager, ESMAP

Closing of the meeting