



OPIC Highlights

OPIC and Renewable Energy

OPIC Greenhouse Gas Initiative Aims to Cap Emissions on New Projects, Shifting Emphasis to Renewable Energy

Goal to reduce emissions by 20 percent in ten years; agency to enhance project accounting and reporting

OPIC is working to reduce greenhouse gas emissions in OPIC-supported projects by 20 percent in the next ten years and shift emphasis to renewable and energy-efficient projects, according to a new initiative announced in 2007.

To meet the portfolio reduction target of the OPIC Greenhouse Gas Initiative, OPIC is establishing an annual emissions cap for all new greenhouse gas emissions in OPIC supported projects to which the agency provides a commitment.

The cap will be equivalent to the emissions from projects committed to by OPIC in fiscal year 2007, which is approximately three million tons CO₂eq* per year. If met the goal will result in a reduction in emissions of more than 10 million tons of CO₂eq per year by 2016.

On a project basis, OPIC is working with the private sector to encourage U.S. investment in renewable energy and energy efficiency improvement projects through the application of market-based incentives. OPIC is considering emission reduction alternatives for all OPIC-supported projects, including opportunities to enhance energy and operational efficiency; and the application of new technologies for the capture, storage and recovery of greenhouse gases.

In the fourth part of the initiative, OPIC is working to enhance its accounting and reporting on greenhouse gas emissions, and on renewable energy and energy efficiency in the OPIC annual environmental report. Instead of aggregate emission reporting, OPIC will report the annual emissions of each OPIC-supported project with significant greenhouse gas emissions as well as the projects emissions from major emitting projects receiving an OPIC commitment during that year.

“A key part of the U.S. government’s work in developing a multi-lateral approach to climate change is to support policies and projects that help developing countries to meet their energy needs in the most environmentally responsible manner,” OPIC President and CEO Robert Mosbacher, Jr said.

**Carbon dioxide equivalents (CO₂eq) is a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential (GWP). The carbon dioxide equivalent for a gas is derived by multiplying the tons of the gas by the associated GWP. For example, the GWP for methane is 21 and for nitrous oxide 310. This means that the emissions of 1 million metric tons of methane and nitrous oxide respectively are equivalent to emissions of 21 and 310 million metric tons of carbon dioxide.*

OPIC Supports Renewable Energy Investment Fund for Emerging Markets

OPIC has launched a call for proposals that will result in up to \$500 million in financing to new private equity investment funds designed to invest in companies or projects in the renewable energy sector in emerging markets worldwide – the first OPIC-supported investment fund of its kind and the latest agency initiative to support renewable energy development.

Through a competitive selection process, OPIC will choose fund managers with the best strategies for identifying optimal investments in renewable energy projects. Such investments could include solar thermal; wind power; small hydro-electric; geothermal; and biomass, including energy from waste.

In addition, the fund could also invest in related sectors in the field of energy and environmental sustainability, including energy efficiency systems and equipment, and water, waste and emissions control and treatment. OPIC will consider proposals from funds focused globally, or regionally in OPIC-eligible countries in Asia, Eurasia, Central Asia, the Middle East or Latin America. OPIC participation in any single fund would be limited to \$100 million, or one third of the capital per fund.

For more information, visit www.opic.gov/investment/proposals/index.asp

OPIC Financing and Insurance Support Construction of Hydro Power Plant in Sri Lanka

OPIC is providing financing and political risk insurance to support construction of a hydroelectric power plant in Sri Lanka that will help the country meet growing demand for electricity and is consistent with the Sri Lankan government's effort to attract greater private investment in the power sector. OPIC President and CEO Robert Mosbacher, Jr. stated that "Construction of this hydroelectric plant will not only help Sri Lanka meet its growing demand for electricity, but do so in an economically efficient and environmentally friendly way that illustrates the Sri Lankan government's success in attracting private sector investment to the industry."

For this project, OPIC is providing a \$4.3 million loan to the project company, MaTh Hydro Power, which is constructing a 5 MW hydro power plant on the Weli River in south-central Sri Lanka, approximately 120 kilometers from Colombo, the capital. South Asia Energy Management Systems, a small business based in California, is the sponsor of this project. OPIC is also providing \$1.4 million in political risk insurance to Zurich Emerging Market Solutions for Zurich's coverage of the project.

U.S. Small Business Uses OPIC Insurance to Install Two Wind Turbines in India

Backed by OPIC political risk insurance, a U.S. small business has now invested more than \$1 million, to install two separate wind turbines in India. These turbine projects support efforts by Indian authorities to encourage private investment in electricity generation and distribution, especially from non-conventional sources, including wind.

OPIC has provided \$450,000 in insurance to Southern Energy Partners, LLC ("SEP") of Memphis, Tennessee for the installation of a 250-kilowatt wind turbine on a wind farm near Keral village in Maharashtra State. That investment was made through SEP's local subsidiary, SEP Energy India, and the electricity generated by the turbine is sold to the Maharashtra State Electricity Distribution Company to provide electricity to largely rural areas in the state. A local manufacturer will produce the turbine. OPIC also provides \$450,000 in insurance to SEP for installation of a similar-type wind turbine in Tamil Nadu State in India.

OPIC Board Approved \$300 Million Lending Facility for Energy Efficiency Projects

OPIC's Board of Directors has approved \$210 million in OPIC guarantees for a \$300 million lending facility to support energy efficiency and clean energy projects worldwide, as part of increasing U.S. government support for international efforts to reduce greenhouse gas emissions.

With encouragement from the U.S. Department of Energy (DOE) and the OPIC guaranties, the American International Group, Inc. (AIG) will administer the lending facility consistent with the Bush Administration's goals to support clean energy investments, reduce greenhouse emissions and ensure access to affordable, reliable, clean and efficient energy services in developing areas around the world.

The Facility will be used to support energy efficiency and performance upgrades to refineries, petrochemical plants, pipelines, and power generation plants, as well as renewable and alternative energy projects.

OPIC Board Approved Insurance to Upgrade Hydroelectric Facilities in Colombia

The OPIC Board of Directors approved political risk insurance to cover \$212 million in financing for a project to upgrade five power facilities in Colombia, which is significantly increasing that country's electricity generation and helping to open the government-controlled power company to equity investment by the private sector.

The \$212 million OPIC-insured facility, together with a \$38 million uninsured facility both arranged and underwritten by Citigroup, is provided to ISAGEN, a leading Colombian power company whose majority shareholder is the Colombian government. The loan is being used largely to help ISAGEN modernize and maintain its San Carlos, Jaguas and Termocentro facilities, rehabilitate the Calderas hydropower plant, and begin the construction of the Amoya power facility, enabling Colombia to increase its generating capacity and reduce power outages.



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported more than \$164 billion worth of investments that have generated over \$69 billion in U.S. exports and supported more than 264,000 American jobs. For more information please go to www.opic.gov.