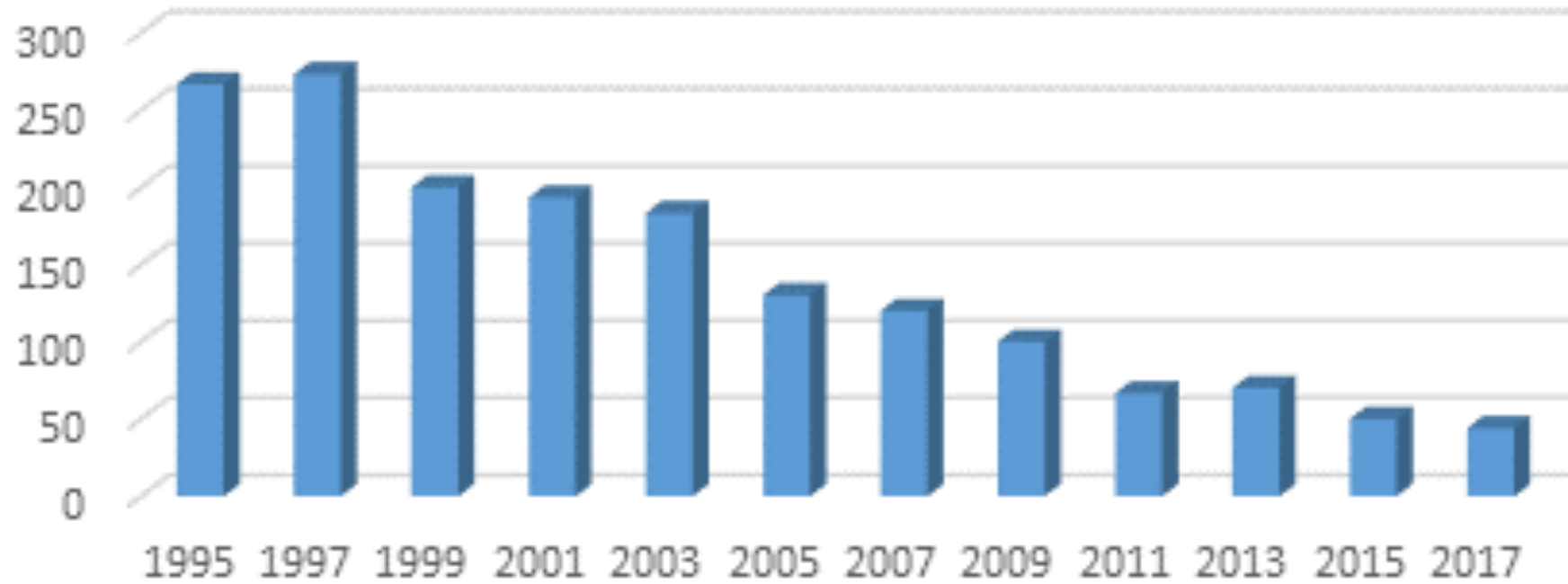


IRR Trend CA Projects

Competition

FM IRRs vs Reality



Offtaker Creditworthiness

- Late payments, non payment, and failure to uphold contractual obligations
- Failure to provide or tardiness in provision of payment bonds

Regulatory

- Lack of "firm Price" in PPAs, pricing "bands", ability to change methodologies
- Unclear dispatch by-laws, difficult to predict curtailment, rules not followed
- Ongoing sector reforms in create uncertainty regarding long-term Offtaker and framework

Security Corruption

- Corruption issues exist in almost all markets
- Region boasts some of the world's highest rates of violent crime.

Lack of Services

- Lack of O&M infrastructure, e.g., Crane availability (1000MW of installed wind , 5 cranes capable of corrective maintenance).

Change of Law Enforceability of contracts

- Import taxes
- WHT on dividends increases, other tax adjustments
- Sales tax recovery
- Municipal; Taxes; Failure to recover system investment costs as per contracts has affected numerous projects

Execution

- Delays in COD caused by lack of clear protocols and prolonged inspection procedures
- Customs delays
- Weather cycles (rain days Nov-May; Wind days May-Nov)

Indigenous Populations and Social

- Even with best practices
- Special Challenges

...happily ever after?

$$\Omega(r) = \frac{\int_r^\infty (1 - F(x)) dx}{\int_{-\infty}^r F(x) dx}$$

$$S_a = \frac{E[R_a - R_b]}{\sigma_a} = \frac{E[R_a - R_b]}{\sqrt{\text{var}[R_a - R_b]}}$$

$$M^2 \equiv \bar{D} \times \frac{\sigma_B}{\sigma_D} + \overline{R_F}$$

$$DR = \sqrt{\int_{-\infty}^T (T - r)^2 f(r) dr}$$