

CLIMATE INVESTMENT FUNDS

February 1, 2017

**[APPROVAL BY MAIL]: MONGOLIA: UPSCALING RURAL RENEWABLE ENERGY- SOLAR PV
(WORLD BANK) (SREP)- XSREM056A**

COMMENTS RECEIVED FROM UNITED KINGDOM

With respect to Component B (10 MW Solar Power) of the proposal, we note that the document states that *"a substantial number of licenses with power purchase agreements (PPAs) have been granted to developers of solar power (with a total capacity of 200 MW)"* and that *"these arrangements were made without proper consideration of the ability of the power grid to absorb this much variable power"*. Our question is:

-By taking actions set out in Component A (Rehabilitation of Distribution Networks), is the project team convinced that the outputs of Component B are additional?

-Is there a risk that the project will displace other investments?

We think the document could be clearer about the market failures which show that Component B is necessary after Component A is completed.