

March 25, 2014

**Comments from Sierra Club (via WRI) on Renewable Energy Mini-Grids and Distributed Power Generation Program (India, Indonesia, Philippines) ADB - CTF - Dedicated Private Sector Programs**

Dear Patricia,

Please find attached comments on the Renewable Energy Mini-Grids and Distributed Power Generation Program (India, Indonesia, Philippines). These comments come from the Sierra Club, which we pass along here in our capacity as developed country civil society observer to the CTF Trust Fund Committee.

Apologies this has come a day later than the original deadline.

Best,

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[WRI.org](http://WRI.org)

Comments from Justin Guay, Sierra Club on the Renewable Energy Mini-Grids and Distributed Power Generation Program (India, Indonesia, Philippines)

**Financing structure**

What form will this capital deployment take? It sounds like both direct equity and debt investment on a project/company scale as well as early stage equity via financial intermediaries -which is good, but loan guarantees (via financial intermediaries) that bring long-term scalable debt are also needed. If at least a portion could be used to guarantee long-term debt (and not just short or medium term loans as the proposal states), that would be beneficial.

**Scale of projects**

The lower bound power output of mini-grids to be funded by the program is 100kW. This means that small-scale power generation and solar home systems (SHS) companies which are doing smaller scale mini grids would be excluded from this program. While recognizing that the ADBPSOD already seems to already have a pipeline of projects, it could be useful to have the flexibility to allow companies to aggregate their installations to be at least 100kW, rather than 100kW per installation. This would also be beneficial in case it was found to be difficult to deploy the \$30 million effectively or efficiently in mini-grid only so there would still be the option of helping providing some SHS providers scale.

**Technical Assistance component**

The TA, or other ADB support, could be used to examine why successful business models have failed to scale-up, and why financing has remained a barrier despite the successful demonstration of many firms operating mini-grids in these geographies. The proposal would be strengthened if it addresses how these business models would be improved to attract commercial financing and made scalable to mainstream mini-grid development.