

# MEMO

**To:** Wind Project Team

**Subject:** IPP Proposal for Review

We have received the preliminary results of our analysis from the consultants. Our proposal to build a 100 MW wind farm can now go the next stage, preliminary approval by the Tariff Council. We will need specific incentives from the Government in order to proceed. These incentives include an equipment subsidy, an interest rate incentive and , possibly, green pricing allowances. However, it will be necessary for us to point out the cost imposed on the country by continuing fuel price subsidies for gas-fired power plants.

## Summary of Operating Parameters and Assumptions

Type of Plant	renew	(can be renewable or fossil)
Plant Size (MW)	100	
Oil Price	120.00	USD per barrel
Initial Investment (w/o subsidies)	179,400,000	
Exchange Rate (per USD)	0.80	AZM
Power Sales Price (initial)	0.075	USD/kWh

## Summary of Renewable Energy Incentives

Grant Component (% of investment)	25%
"Green Pricing" Multiplier (%)	125%
Interest Rate Subsidy (points)	2
Hybrid Fossil Use (% of output)	0%

## Summary of Financial and Economic Results (Money is USD and Local Currency)

	USD	Local
Generation Cost per kWh	\$0.0666	\$0.05
Financial NPV	20,517,668	16,414,134
Financial IRR	16.76%	16.76%
Economic NPV	55,332,066	44,265,652
Economic IRR	16.63%	16.63%
"Green Pricing" ENPV	114,787,614	91,830,091
"Green Pricing" ERR	22.44%	22.44%