

POWERGEN & CBEA TANZANIA



Location
Tanzania

PROJECT SUMMARY

Tens of thousands of Tanzanians are set to gain first-time access to clean energy after a landmark deal was struck to provide long-term finance for solar PV mini-grids.

Historically, mini-grid developers have struggled to attract long-term financing due to the perceived risks involved and the small-scale nature of individual installations. Now a new funding vehicle is breathing life into Tanzania's promising mini-grid sector, and is expected to pave the way for approximately 60 installations over the next two years. Once completed, they will provide energy access on a Pay-As-You-Go (PAYG) basis to more than 34,000 people in homes and businesses in rural Tanzania.

The funding vehicle – which was established by CrossBoundary Energy Access (CBEA) in partnership with PowerGen Renewable Energy, and is being supported with a US\$3 million results-based long-term senior loan from REPP – will purchase existing and future operating mini-grids in Tanzania. PowerGen will continue to provide long-term customer and asset management services to the mini-grid customers.

The pioneering business model means CBEA – which was set up in 2019 with investments from the Rockefeller Foundation and Ceniarth – has committed to acquire the mini-grids from PowerGen soon after completion. The certainty of a long-term owner ready to acquire their projects enables PowerGen to develop and construct projects at scale, continually recycling its capital.

As the operator, PowerGen will be incentivised to ensure the efficient operation of the sites and quality customer care via a base services fee with the potential for a performance bonus where the grids' revenues exceed projections. The agreement also includes a developer premium in the form of a share of the distributions from the portfolio.

REPP's US\$3m commitment in CBEA was arranged by the programme's manager Camco Clean Energy. The platform previously provided early-stage funding assistance and support for PowerGen in 2016.

"The vehicle set up by CBEA and the funding provided by REPP allow for us to scale, with the ultimate goal to serve millions of households and small businesses in Africa with clean, affordable, and 24/7 power. With this support, we can bring energy access to scale more rapidly, while focusing on driving excellence in our customer experience."

Aaron Cheng, President, PowerGen

AT A GLANCE

Technology
Solar mini-grids

Project type
Off-grid



Offtaker
Off-grid
rural communities

FUNDING STRUCTURE

INITIAL FUNDING*

Contracted date
31 December 2016

Lending type
Development capital

REPP funding
USD \$345,000

* Recipient: PowerGen Renewable Energy

LONG-TERM LOAN**

Contracted date
5 July 2019

Lending type
Results-based senior loan

REPP funding
USD \$3,000,000

** Recipient: CrossBoundary Energy Access



camco
CLEAN ENERGY

 **REPP**
managed by camco clean energy