

# POWERGEN AND CBEA



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 approx. 75,000 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.

## AT A GLANCE

### Technology

Solar PV  
mini-grids



### Project type

Off-grid

### Offtaker

Off-grid and rural  
communities

## KPIs



Greenhouse gas emissions  
avoided: 2,628 tCO<sub>2</sub>e per  
year



People with first-time access  
to clean energy: 75,000



Installed capacity:  
1.2MW

## FUNDING STRUCTURE

### INITIAL FUNDING\*

**Contracted date:** 31 December 2016

**Lending type:** Development capital

**REPP funding:** US\$345,000

\* Recipient: PowerGen Renewable Energy

### LONG-TERM LOAN\*\*

**Contracted date:** 5 July 2019

**Lending type:**

Results-based senior loan

**REPP funding:** US\$3m

\*\* Recipient: CrossBoundary Energy Access

*"This groundbreaking approach – bringing project finance to the sector for the first time – provides a repeatable, long-term sustainable model that is needed for mini-grids to scale. We hope that this facility becomes a template that can benefit the whole sector."*

Sebastian Deschler, General Counsel, CrossBoundary