



nacional financiera
Banca de Desarrollo

Financing Sustainable Projects in Mexico

May 2014

- 🌐 **Encourage** and **support** the development of renewable energy projects in Mexico.
- 🌐 Design and implement **long-term financing schemes**.
- 🌐 An effective use of domestic, private and public financial sources as well as **funds from** International Financial Agencies **for Mexican projects**.
- 🌐 Projects with big impact on **CO₂ Emission Reductions**

... in order to achieve:

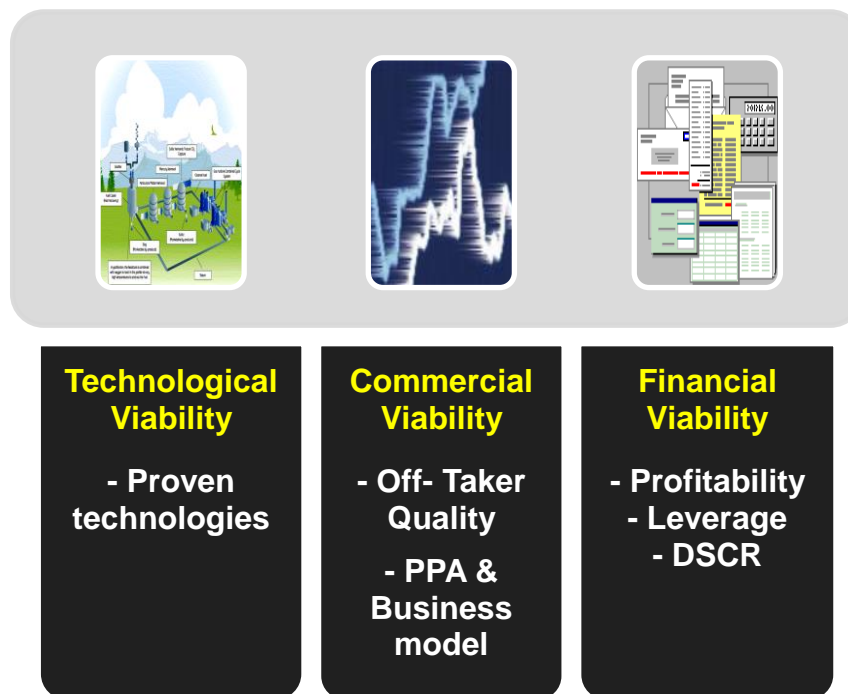
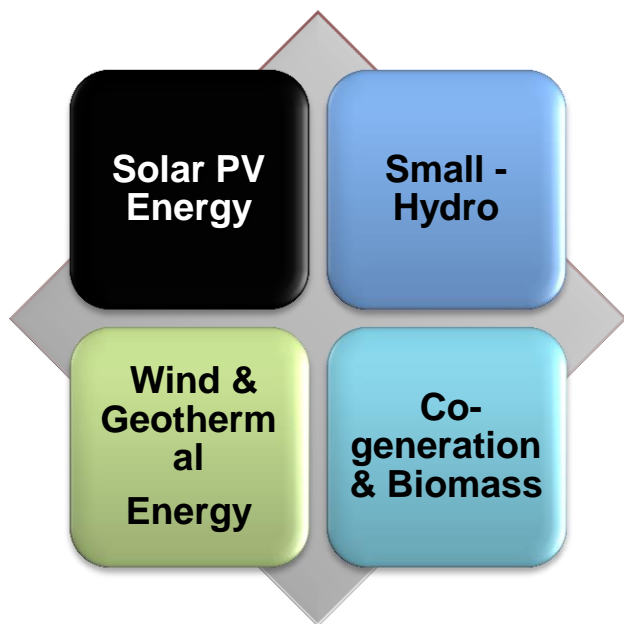


Sustainable Projects

The Ones that generate a Positive Balance on the Environment.

Type of Projects

Selection Criteria



Nacional Financiera's Sustainable Financial Initiatives.

MASSIVE PROGRAMS

- ➔ Attention to **massive market**
- ➔ Focused on **SME loans** and for individuals
- ➔ Products **standardized** by program
- ➔ In the process of **incorporation** of banks and financial intermediaries

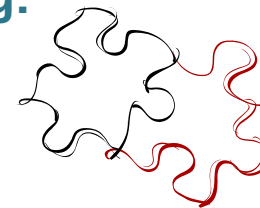


PROJECT FINANCE

- ➔ Focused on **large projects** (more than 20 million dollars)
- ➔ Structuring **case by case** (Project Finance)
- ➔ **Partnership** with commercial banks and international agencies (Club Deal, Syndications)

Nafin has set a credit offer for Sustainable Projects, including:

- ➊ Long-Term Debt for EPC, BOS & Project development;
- ➋ Short-Term Debt for construction VAT payments.
- ➌ Partial credit guarantee for small size sustainable projects.
- ➍ Potential MXP funding for foreign banks to fund their participation in Mexican projects.

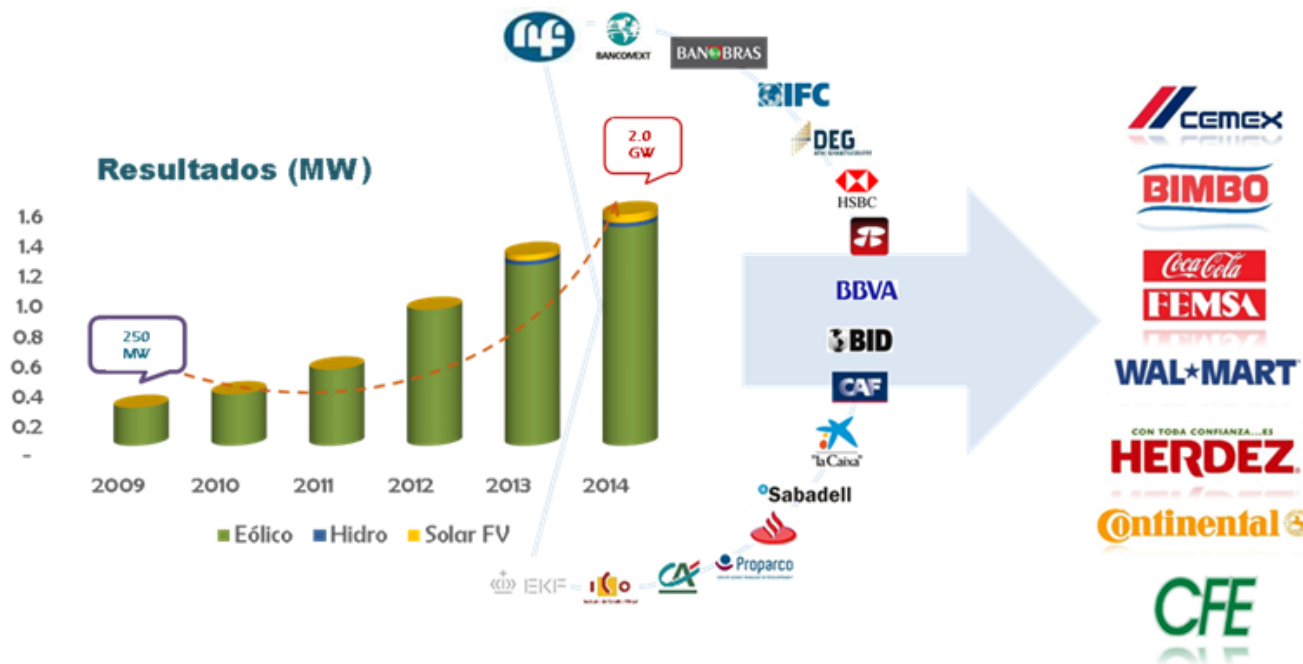


The financial scheme can be:

- **Project Finance.**
 - **Corporate.**
 - **MXP or USD denominated.**
 - **Fix or Floating interest rate.**
- ➔ Focused on large projects (more than 20 million dollars)
 - ➔ Structuring on a case by case basis (Project Finance)
 - ➔ Partnerships with commercial banks and international agencies (Club Deal, Syndication).

Projects funded by Nafin.

Nafin has participated in the funding of about **2 GW** of capacity, energy projects from renewable sources.



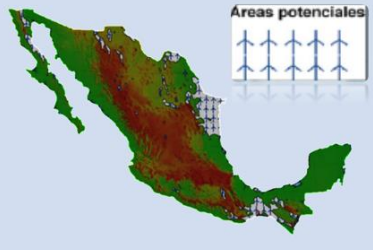

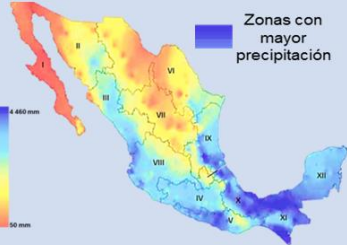

These projects, once at 100% operating stage, will prevent the release of 3.3 million tons of CO₂e to atmosphere.

Projects funded by Nafin.



Project	Type	MW	Scheme	Stage
Eurus	Wind	250.5	Self Supply	Operation
Demex I	Wind	90.0	Self Supply	Operation
Demex II	Wind	137.5	Self Supply	Construction
Eoliatec del Istmo	Wind	164.0	Self Supply	Operation
Eoliatec del Pacífico	Wind	160.0	Self Supply	Construction
ION	Wind	396.0	Self Supply	Construction
Ventika I & II	Wind	252.0	Self Supply	Construction
Energía BC	Wind	155.0	Export	Construction
Aura Solar I	Solar	38.6	Small Producer	Operation
TAI Durango I	Solar	16.8	Small Producer	Operation
San Rafael	Hydro	28.8	Self Supply	Construction
Nuevo Pemex	Co-gen	300.0	Self Supply	Construction
Total		1,989.3		

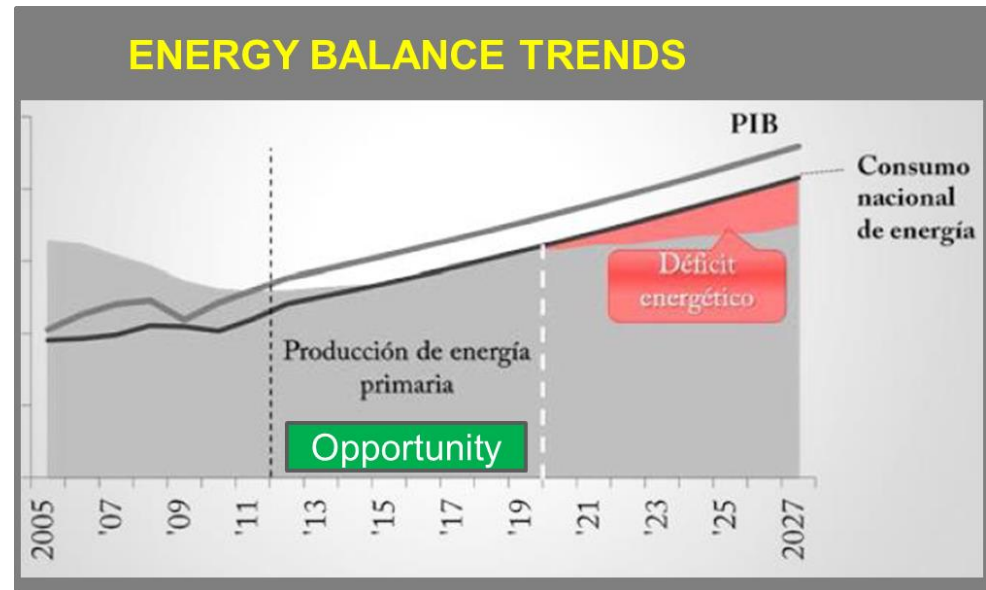
	MW	
Wind	1,605.1	80.7%
Solar PV	55.4	2.8%
Hydro	28.8	1.4%
Co-gen	300.0	15.1%
Total	1,989.3	100.0%

Renewable Energies Potential in Mexico.

Wind	Solar Photovoltaic	Mini-Hidroelectric	Geothermal
			
<ul style="list-style-type: none"> • 2011.-Wind Potential on the country: 71 thousand MW • Oaxaca, Tamaulipas, Zacatecas and Baja California, are the best Wind zones of the country. 	<ul style="list-style-type: none"> • We have the 3rd Best worlds solar resource. • Average daily radiation: 5 kWh/m² • Potential: 20.9 thousand MW. 	<ul style="list-style-type: none"> • 2011.-Hidrologic available potential in the country 10 thousand MW. • Potential Mini and small scale - Hydro: 3.2 thousand MW. • Chiapas, Tabasco, Oaxaca and Veracruz, are the best hydrologic country zones. 	<ul style="list-style-type: none"> • Potential national reserves 3,650 MW • Annual generation 20,460 GWh. • Geothermal resources could contribute with more than the 12% of the total generation of Mexico's electricity

Investment Opportunities on the Energy Sector (National Energy Strategy 2013- 2027)

-  The tendency in Mexico is a sustainable **growth in energy consumption**, for which big investments in production, infrastructure, transport and distribution will be required on the short-mid term to be satisfied.
-  In the next 15 years Mexico will require **at least 55,000 MW of new capacity**, including the replacement of 11,800 MW by withdrawals.



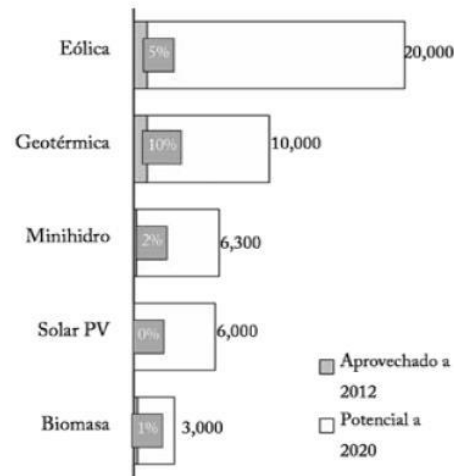
Investment Opportunities on the Energy Sector (National Energy Strategy 2013- 2027)

RECUADRO 41

RECURSOS ENERGÉTICOS RENOVABLES



POTENCIAL RENOVABLE Megawatts

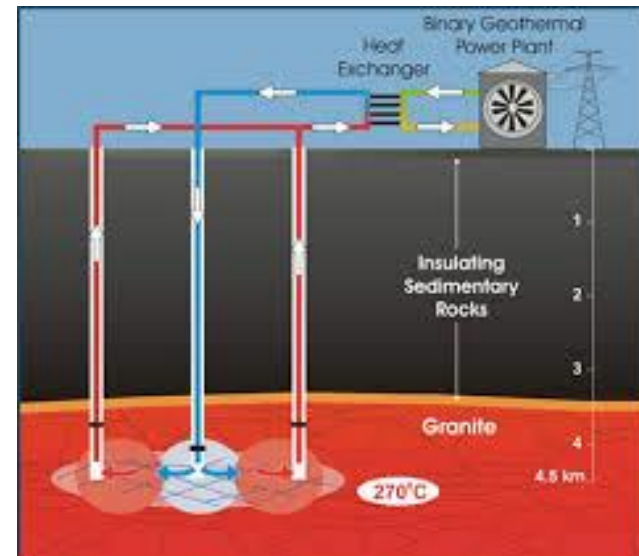


Fuente: Sener, PwC

Nafin has **identified** and **promoted** diverse renewable energy projects located in **different geographical zones** of the Mexican Republic.

Diversification in different **technologies** (Wind, Solar PV, Hydro, Biomass, and now Geothermal) and within different **regions** of the country provide a more secure portfolio development.

- Nafin together with IDB and SENER are working in the design and implementation of an **insured financing instrument for early exploration in Geothermal Projects**.
- This will contribute to solve the **main financial barriers** to the development of geothermal energy.
- **Financing availability for the exploratory phase**, which represents 25% to 30% of the project total cost and the highest risk in this technology, will encourage local and international investment.



- ☉ Nafin has had the opportunity to participate with important Financial International and national Financial Institutions, in **financing Renewable large scale Energy Projects in Mexico**. Nafin's portfolio today reaches near to 2,000 MW (2 GW of Installed capacity)
 - ☉ In this process, Nafin has designed **new long term schemes and structures**, creating **solutions for** Mexican projects, using Nafin's resources and funds from International Organisms and Climate Funds, when available, but **always assuming each project risks**.
 - ☉ These projects are creating the path for developing more projects in the renewable energies sector in Mexico in accordance with **Nafin's mission** of Sustainability.
 - ☉ All of this without neglecting the support that Nafin represents for **the Small and Medium Size enterprises** with massive financial programs and guarantees to support their growth.
-