

CLIMATE FUND MANAGERS

Fund Manager to the Climate Investor One Funds



**Project Disclosure
Teranga Niakhar Solar Storage Project, Senegal
5 October 2021**



Who is our prospective client?

Climate Investor One ("CI1") is considering an investment opportunity in the construction of the Teranga Niakhar Solar Photovoltaic (PV) and Battery Energy Storage System ("the Project") by Teranga Niakhar Storage SA ("the Project Company"). The Project is a hybrid power project comprising a 30 MWp solar PV plant and a 15 MW (45 MWh) battery energy storage system in the Fatick Region of Senegal. The Project will be constructed under a Design, Build, Operate (DBO) contract and is expected to reach Commercial Operations Date (COD) in Q4 2023. The Project is being developed jointly with Energy Resources Sénégal SA, a private company that built its first solar plant in Senegal in 2018.

What is the funding objective?

CI1's investment will be used to finance the construction of the Project, which will support the Government of Senegal's goals and commitments as expressed in the country's UNFCCC Nationally Determined Contribution (NDC). Senegal is targeting a greenhouse gas emissions reduction of 29.5% by 2030 as a conditional objective. This target can partially be achieved by installing 999 MW of renewable energy, including 335 MW solar capacity, by 2030. As per the Senegal NDC documents, this target is only achievable with substantial investment by the international community.

Why do we want to fund this project?

Senegal is committed to renewables and is one of the first countries in West Africa to pass a renewable energy law. Senegal's installed energy capacity is largely driven by expensive Heavy Fuel Oil (HFO) thermal power (base load). With a goal of increasing generation capacity to 2,500MW by 2030, the government aims to restructure the base load by converting all HFO power plants to natural gas power plants, and to explore renewables with storage as an additional solution. A major challenge to achieving growth in renewables is the lack of grid stability, and an initiatives and efforts are underway to improve the stability of the grid. Developing a renewable energy power plant with a battery storage component will be complementary to this initiative. The commercial financing mobilized via CI1's Construction Equity Fund as well as other Project sponsors will therefore support Senegal in achieving its climate change mitigation and energy capacity goals. Furthermore, the growth in energy capacity that this will facility will contribute to is expected to decrease the cost of generation and energy prices for the end user in Senegal.

Environmental and social rationale

The Project has been classified as Category B+ in terms of environmental and social ("E&S") impacts and risks which is equivalent to International Finance Corporation (IFC) Category B. Adverse E&S impacts are limited and effective mitigation measures in line with international standards are available. IFC Performance Standards (PS) 1-6 are applicable to the Project. There are no indigenous peoples (IFC PS7) in the project area of influence and IFC PS8 (cultural heritage) is not triggered beyond the standard requirement for 'chance find' procedures. The main E&S impacts and risks relate to economic displacement and livelihood impacts. Land acquired for the Project is used for agriculture by members of the local communities based on a customary land tenure system. An ESIA to Senegalese legislative requirements has been prepared and a number of supplementary specialist studies conducted in line with IFC Performance Standards. An ESMP and a community development programme has been prepared and dedicated community liaison is ongoing. The Project is also preparing a Livelihood Restoration Plan to be implemented once construction commences.