



InfraCo Africa increases its commitment to Ethiopia's first private geothermal project to US\$30 million

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London, United Kingdom: InfraCo Africa, part of the Private Infrastructure Development Group (PIDG), has signed a Shareholders Agreement with Berkeley Energy, committing US\$30m of equity investment to the ground-breaking Corbetti Geothermal project, doubling its original commitment of US\$15m.

'The US\$30 million commitment to Corbetti is truly a landmark deal for us, being our first in geothermal and in Ethiopia and the largest single commitment we have made to date. It is also the first substantial equity commitment under our expanded investment strategy, which enables us to optimise our development impact in projects, while ensuring best practice through construction into commercial operations.' (Alex Katon, Executive Director, InfraCo Africa)

In 2015, InfraCo Africa formed a joint venture company with Berkeley Energy to jointly become the majority shareholder in Corbetti Geothermal. At the time, InfraCo Africa committed up to US\$15m to the project, with US\$5m for early-stage site development and project contracts and up to US\$10m for the equity financing of the exploration drilling. To mitigate the higher risks of a greenfield site, proving a new geothermal resource and being the first privately financed IPP in Ethiopia, Corbetti will be developed in multiple phases. InfraCo Africa's increased commitment provides the project with US\$25m equity finance and US\$5m as standby equity. This will contribute around 20% of the funding required to start construction of exploration drilling wells this year and 10-20MW pilot power plant the following year. It is anticipated that the power plant will provide first power to Ethiopia's national grid by early 2020.

As well as public risk capital, InfraCo Africa brings project management and geothermal expertise to the project. InfraCo Africa's Tim Jackson, an experienced geothermal developer, has been instrumental in bringing international expertise to the geothermal peer review group, which will help to better understand the geoscience data and optimise well drilling locations. Through Tim, InfraCo Africa has also instigated a review of technology options for the power plant and of managing, mitigating and insuring exploration drilling risks.

'Corbetti is a ground-breaking geothermal project, not only will it be the first full greenfield development of a private geothermal power project in Africa, but also the first private power project in Ethiopia. By tapping into Ethiopia's huge geothermal potential, Corbetti is expected to lead the way for a new wave of private geothermal power plants in sub-Saharan Africa's renewable energy mix.' (Tim Jackson, Business Development Manager, InfraCo Africa)

InfraCo Africa is committed to developing high-quality projects and leading the implementation of market best practices. It therefore also undertook a gap analysis of Corbetti's environmental and social impact assessment and reviewed the project company's governance and health and safety practices.

The project has also undertaken additional environmental studies and conducted an innovative social survey of local communities, using tablet technology (funded by the PIDG).

InfraCo Africa is committed to extending the development impact of its projects by adding ‘bolt-on’ water initiatives, where possible. To enable this at Corbetti, InfraCo Africa has secured funding from Technical Assistance Facility (TAF), a sister PIDG Facility. This will be used to finance a pilot project for the local provision of potable water and improved sanitation, generating health benefits for local families. TAF grant funding will also be used to study the feasibility of using bi-products from the geothermal plant (such as waste heat) for developing local industries such as garment manufacturing, improving efficiency and creating new employment opportunities.

As Ethiopia’s first private geothermal project, Corbetti partnered with Ethiopia Electric Power (EEP) and the Government of Ethiopia (GoE) with all parties working to draft the regulatory frameworks and legislation required to unlock geothermal potential in the country. The project also drew on Donor support to engage the East Africa Geothermal Energy Facility (EAGER) in this process. This has benefited, not only Corbetti but also other local geothermal projects, for example Tulu Moye, with both projects signing Power Purchase Agreements on December 19th last year. The impact is substantial: the Ministry of Water and Energy forecasts an increase in geothermal generation from 7MW in 2012, to over 1000MW by 2030.

‘With support of our donors, we are delighted to be able to substantially increase our commitment to the Corbetti project, enabling it to raise the finance needed to commence the first phase of drilling. As the first IPP of its kind in Ethiopia, Corbetti will generate the clean baseload power that is essential to alleviating poverty in a sustainable manner, attracting foreign investment and facilitating Ethiopia’s economic development.’ (Brian Count, Chair, InfraCo Africa)

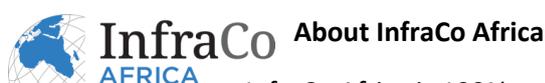
InfraCo Africa’s initial commitment to Corbetti was made because of the potential for geothermal power to transform Ethiopia’s energy mix and the enormous challenge faced by the project in being the first private sector led development of an unproven resource. Today’s increased commitment to US\$30m is a recognition of the progress achieved by the project and its leading role to date in pioneering geothermal power; it is also a promise to continue broadening the impact of Corbetti, to transform not just the national supply of power but also economic opportunities and living standards in the local area.

Notes to Editors

- World Bank figures show that just 27% of Ethiopia’s population had access to power in 2014,ⁱ whilst businesses reported an average of 8.2 power outages per monthⁱⁱ which increases costs for businesses due to the need to rely on back up generation. The GoE’s ambitious Climate Resilient Green Economy (CRGE) Strategy aims to substantially increase access to electricity and reduce Ethiopia’s dependency on imported fossil-fuels. The country relies heavily on hydro power and developing its geothermal resource will deliver substantial additional power to the national grid whilst ensuring Ethiopia’s future climate resilience.
- The Corbetti project is situated in the Corbetti Caldera, 250km south of Addis Ababa in the Oromia region and borders the Southern Nations, Nationalities, and Peoples’ region (SNNPR).
- Corbetti will be developed in multiple phases. The first phase, wholly equity funded, will drill up to 6 exploratory wells and build a small power plant (circa. 10MW). This initial phase will

demonstrate the viability of the geothermal resource and the Power Purchase Agreement (PPA), enabling the project to raise further investment. The second phase will seek to raise senior debt financing facilities to drill a further 9 – 13 wells and construct a 50 to 60MW commercial-scale power plant and facilities. If successful, subsequent phases could see Corbetti increase its installed capacity to 500MW, mobilising more than US\$2 billion in foreign direct investment over the next 8-10 years.

- Involving extensive geothermal surface exploration, including geochemical, geological and geophysical investigation as well as environmental and social impact assessment work, the greenfield Corbetti project has drawn on expertise and finance from around the world, including substantial investment from the United Kingdom.
- Following initial identification as a potential resource by the Geological Survey of Ethiopia, the geothermal project was initiated in 2009 by an Ethiopian mining entrepreneur. Reykjavik Geothermal (RG) joined the project in 2011 bringing their geothermal expertise and they were later joined by Berkeley Energy (manager of the African Renewable Energy Fund), the Iceland Drilling Company and InfraCo Africa to support project development, drilling of wells and management of fund raising.
- The equity committed to the Corbetti project by InfraCo Africa, the African Renewable Energy Fund (managed by Berkeley Energy), Reykjavik Geothermal and Iceland Drilling, is the culmination of significant work to achieve Ethiopia's energy development plan. Extensive work has been undertaken to progress the project by Ministries of the Government of the Federal Democratic Republic of Ethiopia (GoE) and Ethiopian Electric Power (EEP), as well as the Geological Survey of Ethiopia and regional authorities of Oromia and SNNPR.
- The project has also been supported by international funds to enhance government capacity around geothermal regulatory frameworks and IPP development from the East Africa Geothermal Energy Facility (EAGER), Power Africa and the African Legal Support Facility (ALSF). The Corbetti Project has also been awarded a drilling grant from the Geothermal Risk Mitigation Facility (GRMF).



InfraCo Africa is 100% owned by the PIDG and funded by:



InfraCo Africa is part of the multilateral Private Infrastructure Development Group (PIDG). InfraCo Africa seeks to alleviate poverty by mobilising private investment into infrastructure projects in sub-Saharan Africa's poorest countries to the highest standards. It addresses the risks and costs of early-stage project development: funding teams of experienced developers and providing risk capital to those projects which need the financial commitment and leverage that InfraCo Africa can bring. See

InfraCo Africa's chapter in PIDG's 2016 Annual Report to learn more about its cumulative development results. To find out more visit: www.infracoafrica.com



About the Private Infrastructure Development Group (PIDG)

PIDG encourages and mobilises private investment in infrastructure in the frontier markets of sub-Saharan Africa, south and south-east Asia, to help promote economic development and combat poverty. Since 2002, PIDG has supported 154 infrastructure projects to financial close and provided 222 million people with access to new or improved infrastructure. PIDG is funded by donors from seven countries (UK, Switzerland, Australia, Norway, Sweden, Netherlands, Germany) and the World Bank Group. TAF works alongside other PIDG companies to provide grant funding for various forms of technical assistance, helping to overcome specific project development obstacles. It can also provide viability gap funding at financial close.

To find out more visit: www.pidg.org



About Corbetti Geothermal plc

Corbetti is an Ethiopian project company funded by Reykjavik Geothermal, Iceland Drilling, African Renewable Energy Fund and InfraCo Africa. It is solely focused on developing, financing, constructing and operating the Corbetti geothermal power project.



About Reykjavik Geothermal

Reykjavik Geothermal was founded in 2008 by one of the world's most experienced geothermal management and science teams. The RG management team has been involved with the development of over 3000 MW of geothermal projects in over 30 countries. RG has the experience to untap the vast commercial potential of geothermal energy while also being committed to the sustainable use of this naturally occurring resource capable of providing near zero-emission baseload power. To find out more visit: www.rg.is/en



About Iceland Drilling Company

The Icelandic Drilling Company (IDC) was established in 1986 to maintain and enhance knowledge and skills in the field of onshore drilling in Iceland established by its predecessor, the State Drilling Contractors (SDC) – operational since 1945. It was considered important to guarantee high quality drilling services in Iceland, especially when considering the importance of geothermal energy for Iceland. The company has since expanded to undertake onshore drilling across the world. To find out more visit: www.jardboranir.is



About African Renewable Energy Fund managed by Berkeley Energy

Launched in 2014, the African Renewable Energy Fund (AREF) is a fund established to support small to medium scale independent power producers (IPPs) across sub-Saharan Africa. Managed by Berkeley Energy, an experienced renewable energy fund manager active in Asian and African emerging markets, AREF seeks to invest in grid-connected development stage renewable energy projects including small hydro, wind, geothermal, solar, biomass and waste gas. To find out more visit: www.berkeley-energy.com/



About the Geothermal Risk Mitigation Facility (GRMF)

The GRMF encourages public and private investors as well as public-private partnerships to develop geothermal prospects for power generation in Eastern Africa. The Facility was established by the African Union Commission, the German

Federal Ministry for Economic Cooperation and Development and the EU-Africa Infrastructure Trust Fund via KfW Entwicklungsbank. The UK Department for International Development is also contributing to the Facility. The GRMF provides grants for surface studies to determine the optimal location of reservoir confirmation wells at the most promising geothermal prospects and for drilling and testing of reservoir confirmation wells at the most promising geothermal prospects to assist developers in securing financing for subsequent reservoir confirmation and/or well field development wells. To find out more visit: www.grmf-eastafrika.org



About the Government of Ethiopia (GoE)

The **Ministry of Water, Irrigation and Electricity of Ethiopia (MoWIE)** is a federal organisation that develops, plans and manages water and energy resources, develops policies, strategies and programs, develops and implements water and energy sector laws and regulations, conducts research, provides technical support to regional water and energy bureaus and offices and signs international agreements. To find out more visit: <http://www.mowie.gov.et/>

The **Ministry of Finance and Economic Cooperation (MoFEC)** contributes to the development and public finance efforts of Ethiopia by introducing new and efficient systems of utilising resources to federal and regional government. The MoFEC introduced a Financial Administration Proclamation and Procurement and Property Administration Proclamation to respond to national and international changes in the financial system, enabling the country to create internationally accepted financial working systems. To find out more visit: www.mofed.gov.et

The **Ministry of Mines, Petroleum and Natural Gas (MoMPNG)** is one of the Federal Ministries which is given responsibility for the proper development of Ethiopia's mining, petroleum and natural gas resources. The Ministry generates the country's geosciences data, through the Geological Survey of Ethiopia, and promotes the mineral, petroleum and natural gas potentials of the country. The MoMPNG negotiates and issues licenses to private investors and ensures that they conduct their operations in accordance with their concession agreements. To find out more visit: www.mom.gov.et

About the Oromia and SNNPR regional authorities

Oromia and the Southern Nations, Nationalities, and Peoples' Region (SNNPR) are two of the nine regional states of Ethiopia. The Corbetti Caldera is situated across the boundary between the states which have responsibility for all aspects of government not attributed to the federal government.



About Ethiopian Electric Power (EEP)

EEP works to provide adequate and quality electricity generation and transmission for Ethiopia and aims to be a competitive exporter of energy in the wider region by 2025. EEP is responsive to the socio-economic development and environmental protection needs of the public and is continuously improving its management practices as a first-class provider of electric power.

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ⁱ <https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS>

ⁱⁱ <http://www.enterprisesurveys.org/data/exploreTopics/Infrastructure>