Stakeholder Workshop

Unlocking private finance for distributed renewable energy in Colombia’s non-interconnected zones

The Government of Colombia has laid out ambitions to deploy renewable solutions as a means to provide affordable and clean energy solutions to remote communities. In particular, hybrid and renewable solutions have been given a central role in expanding electricity services under UPME’s Indicative Plan for Expansion of Electricity Coverage in non-interconnected zones (PIEC) 2019-2023. Furthermore, Law No. 1715 of 2014, also known as the “Renewable Energy Law”, directed the Ministry of Mines and Energy to develop incentive schemes to partially or totally replace current diesel generation with renewable energy sources.

Hybrid mini-grids and solar home systems can provide solutions adapted to the size and needs of communities in non-interconnected zones, and reduce operation costs linked to expensive fossil fuel supply. Yet, providing electricity services in last mile communities bears a number of risk that create challenges for mobilising private finance and investment at suitable scale. Solutions to address risk and costs are therefore critical to unlocking affordable and reliable electricity services and making effective use of government funds.

This workshop aims to provide a forum for stakeholders to assess challenges, opportunities, and eventual mechanisms and de-risking instruments to scale-up finance and investment in distributed renewable energy services.

Agenda

13th July 2022- 8:00 –11:00 COT [15:00-18:00 CET]

Opening and welcome

8:00 – 8:10 Welcome remarks from Director of IPSE
IPSE Director, Jose David Insuasti

8:10 – 8:20 Welcome remarks from OECD CEFIM
OECD CEFIM team leader Cecilia Tam

8:20 – 8:25 Introduction to workshop
OECD CEFIM, Lylah Davies

Session 1: Investment landscape and opportunities to reduce risk for new renewable project development

Moderator: IPSE, Lenka Buckova

8:25 – 8:40 Recent updates to energy policy in non-interconnected zones
Ministry of Mines and Energy (MME), Rodrigo Prieto

8:40– 9:00 Perspectives on the current context for new renewable project development
Technology suppliers, minigrid operators and grid connected utilities

9:00– 9:30 Round table discussion on needs to reduce risks and costs for distributed renewable energy in non-interconnected zones
Session 1 discussion questions

- What are the most important market barriers and risks to investment in individual solutions and hybrid minigrids?
- How has the business model for energy service provision been affected by the proposed 2022 tariff and subsidy regulations for energy service provision in non-interconnected zones?
- What type of financing is available for project development? Are projects able to raise commercial finance with affordable terms?
- What conditions can be improved to enable greater investment in renewable technologies?

Session 2: Development programmes and use of de-risking instruments to mobilise investment

**Moderator: IPSE, Lenka Buckova**

9:30 – 9:45  **Key challenges to financing renewable energy in Colombia’s non-interconnected zones**  
Departamento Nacional de Planeación (DNP) Luis Alejandro Noguera and Lukas Socarras.

9:45 – 10:00  **The role development partners in addressing costs and risks to enable market growth**  
USAID Thomas Black, IADB Javier Cuervo

10:00 – 10:10  **The role national development bank in distributed renewables**  
Findeter, Fernando Carrera

10:10 – 10:20  **The current financing landscape for renewable project development in ZNI**  
Bancolombia, Santiago Abraham Montoya

10:20 – 10:55  **Roundtable discussion on priorities and de-risking needs to support private finance and investment in renewable energies in non-interconnected zones**

Session 2 discussion questions

- What are the most important barriers to financing distributed renewable projects in non-interconnected zones?
- What are the most important de-risking needs for mobilising private capital?
- How can blended finance help improve conditions for private sector investment and help crowd in commercial finance?
- Is there a need to strengthen the technical capacity of financial sector for non-interconnected zones?
- Could public procurement strategies, site aggregation or concession models help scale up service provision in hard to reach zones?

10:55 – 11:00  **Session closing and wrap up**