

# Mobilising Climate Finance

Giles Dickson

Vice President, Environmental Policies and Global Advocacy

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**ALSTOM**

# Alstom: 4 main activities



# Power: Present in all markets

GAS



COAL



OIL



HYDRO



NUCLEAR (conventional island)



WIND



SOLAR



GEOTHERMAL



BIOMASS



...FOR NEW PLANTS OR INSTALLED BASE

# Grid



- **Strategic offering including Power Generation and Transmission**

- Among the Top 3 in Transmission business
- Over 50 locations worldwide
- Leader in key markets and fast-growing technologies (disconnectors, GIS, HVDC...)



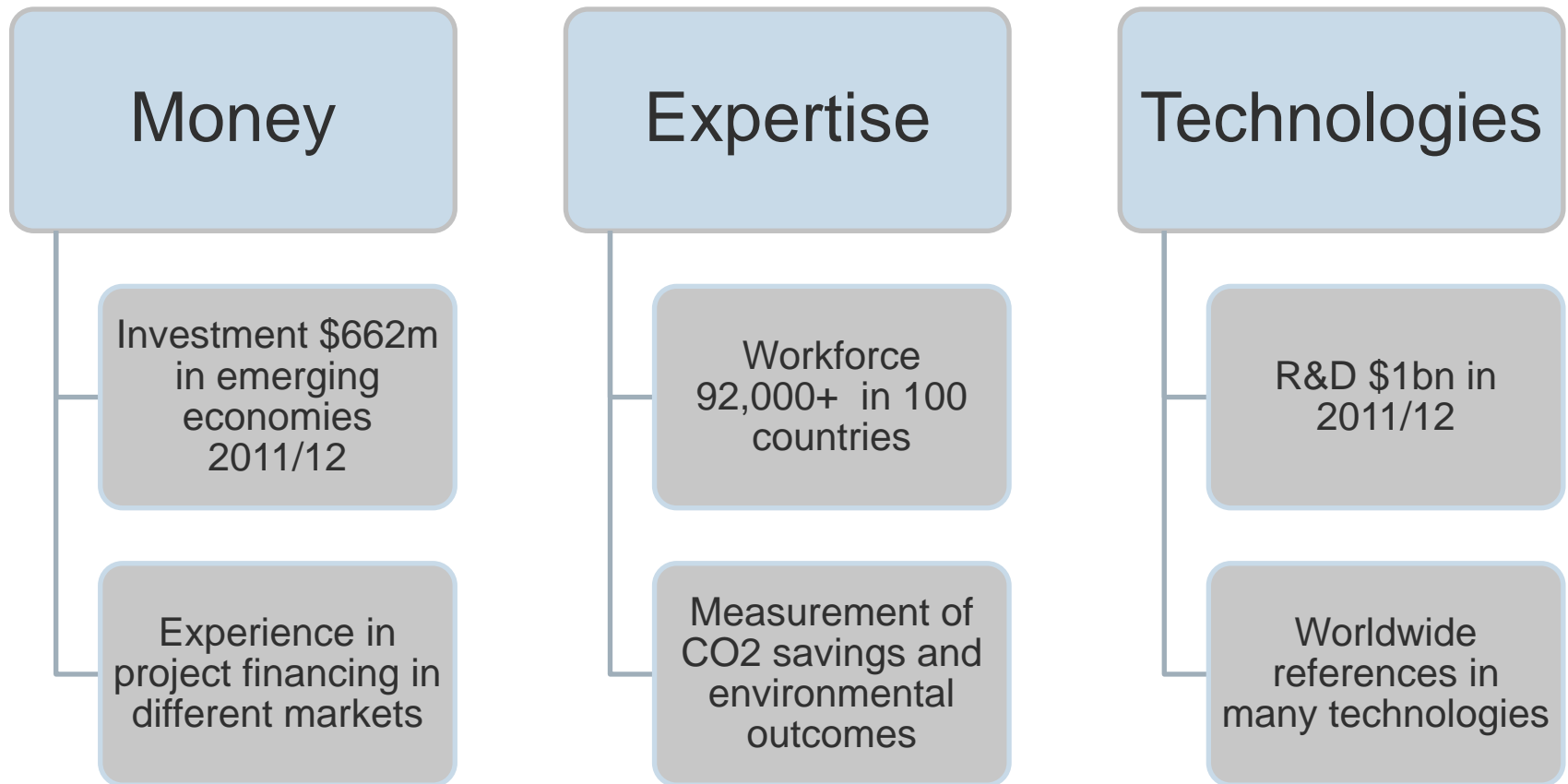
# Transport: designing fluidity



- Trains
- Infrastructure
- Signalling
- Services
- Turnkey railway systems

- N° 1 in urban transport (tramways, metros)
- N° 2 in very high speed
- N° 2 in signalling
- N° 2 in maintenance

# Our contribution to climate finance



# Capacity building: skills & supply chains

## Graduate induction, India



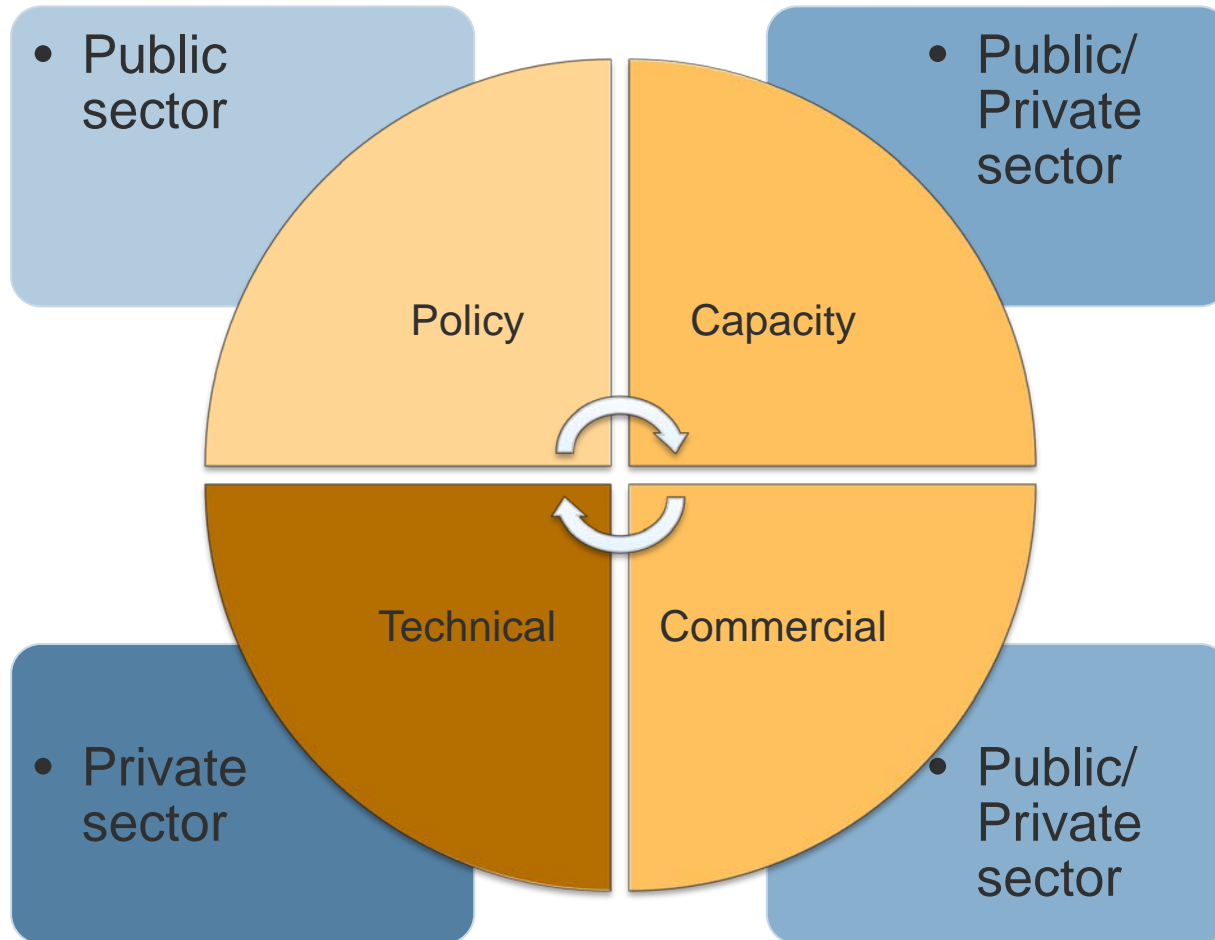
## Supply chain support, S Africa



### Lessons:

- Infrastructure investment attracts FDI and supports local skills & SMEs
- Encourage long-term investment & relationship-building
- Market demand: domestic & export markets

# Risks



Allocate risks to those best placed to handle them



# Critical Policy Fundamentals\*

- Transparent legal system
- Strong economic and social policies to foster inclusive growth
- Fair and reliable taxation
- Safe business and working conditions
- Coherent, long term energy policies and frameworks
- Supportive financial instruments

\* WEC survey of industry opinion for the 2012 World Energy Trilemma report

# Extra Risks for Clean Energy Projects

- Perceived technology risk
- Uncertain energy demand
- Regulatory stability
- Project development risk
- Market risk
- Scale issues
- Public resistance

# Extra risks for Lenders/Developers

- Banks face effects of recession and capital ratio regulation
- Pension and institutional investors lack expertise in the area, and can only invest in top rated securities
- Private equity funds may be unwilling to take project development risk, or face issues of scale
- Infrastructure funds face operation and construction risks and may be unclear on appropriate business models for some projects
- Utilities face increased competition, falling demand and weakened balance sheets

# Public interventions to contain risk

- Green banks: to fill gaps in investment that commercial lenders cannot serve
- Green bonds: structured with appropriate ratings to allow institutional investors to provide greater debt financing
- Public Private Partnerships: apply public finance to the riskier part of the financing structure, to leverage private finance
- Insurance mechanisms for policy/political risk
- Credit enhancement at the mezzanine debt level
- Loan guarantee programs
- Underwriting of PPA agreements



# Some Helpful Policy Approaches

- Level the playing field for all energy technologies
- Price carbon emissions
- Reduce or eliminate fossil fuel subsidies
- Use other subsidies cautiously
- Build local capacity
- Create a stable environment for investment
- Work in co-operation with the private sector

# Facilitating tracking

- Count the finance awarded at project level
- Count the mitigation at project level
- Beware overlap between e.g. private funds and investment management assets

Thank you!  
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