

Deploying Geothermal: Background Paper

First Geothermal Dialogue
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Copenhagen

Valerio Micale

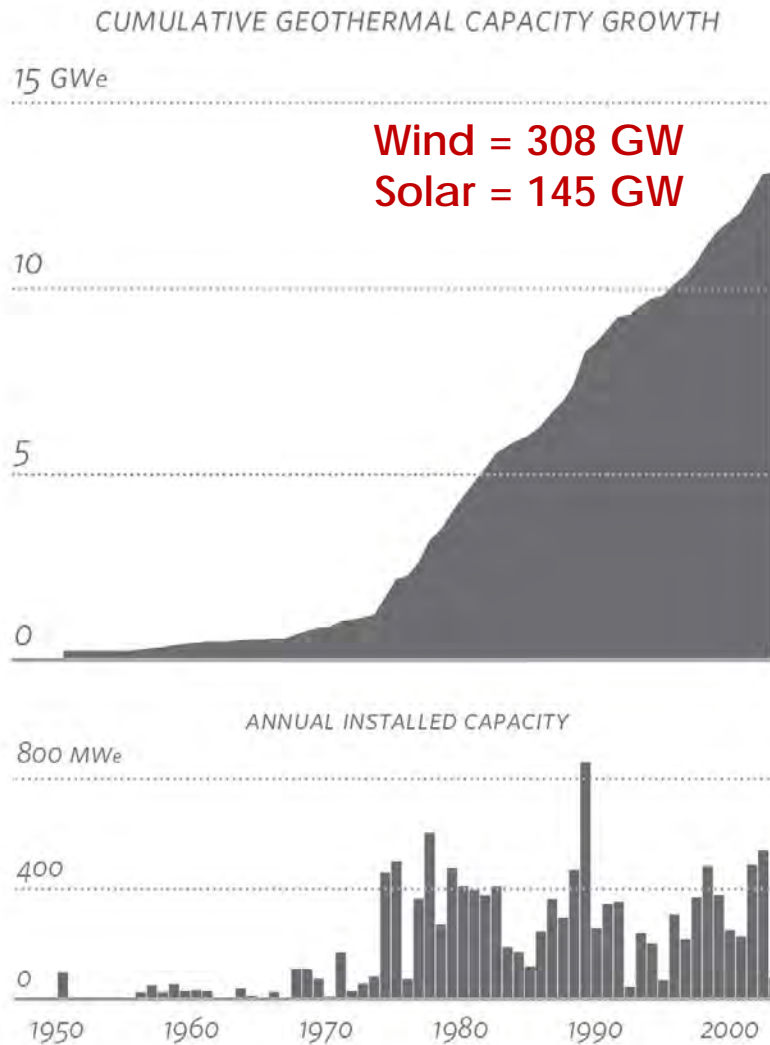


CLIMATE
POLICY
INITIATIVE

BRAZIL
CHINA
EUROPE
INDIA
INDONESIA
UNITED STATES

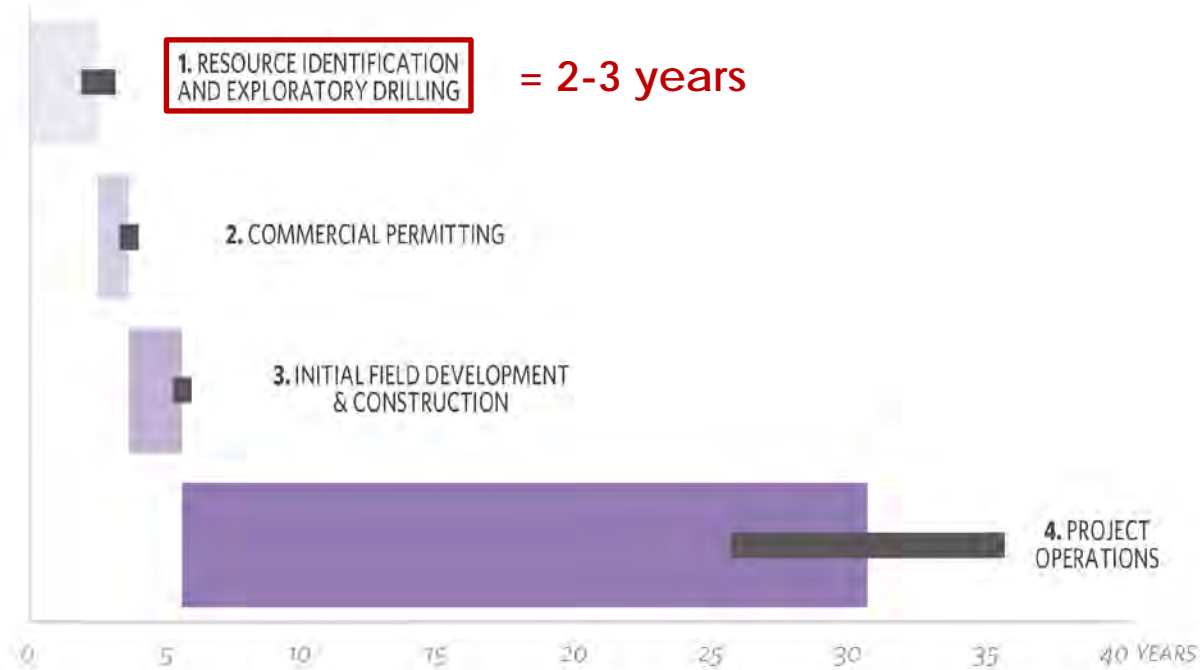
Island of San Giorgio Maggiore 8
30126 Venice
Italy
climatepolicyinitiative.org

Constant growth, below potential



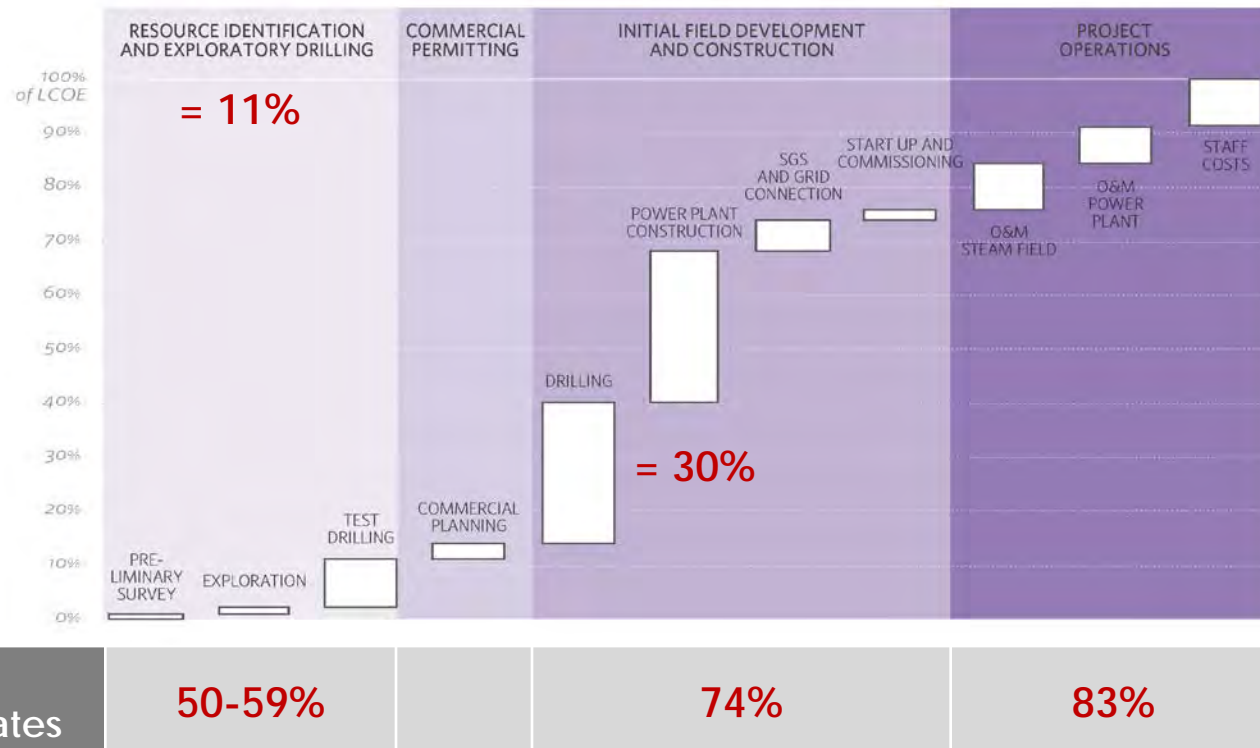
- Ability to provide power **reliably** and **flexibly**.
- Rate of geothermal deployment steady, **lower** than **deployment needs** and other **renewables**.

Timeline longer than other investment alternatives



- Development of a geothermal project requires **5.5 years** on average.
- Most of the time dedicated to **resource identification and exploratory drilling**

Resource risks high during the exploration phase

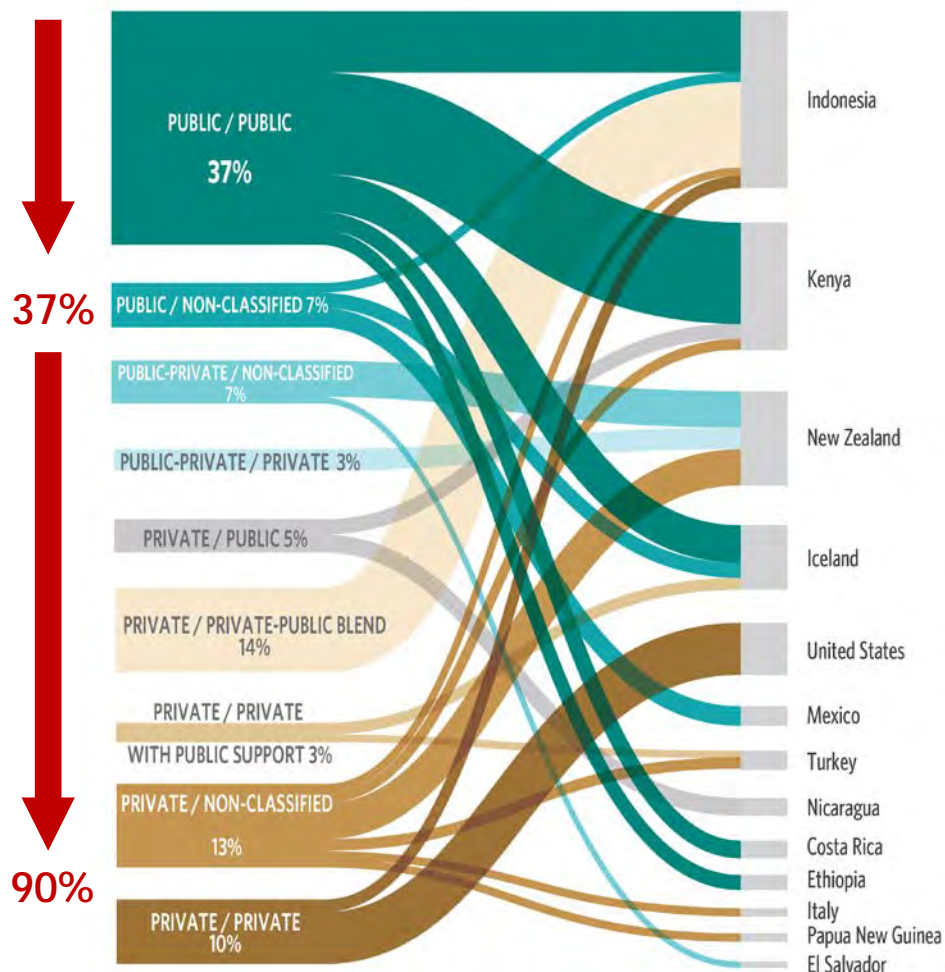


- High risk during the phase of **resource identification and exploratory drilling**
- Risk still relevant during **production drilling**.

Public sector plays key role in investment

PROJECT FINANCE STRUCTURES USED BY NATIONS

(SOURCE OF EQUITY / SOURCE OF DEBT)



- 37% of projects are purely public.
- Public sector plays a role in 76-90% of investments
- Little appetite for private sector where resource risk is high.
- Financing structures are highly dependent on the location

Questions

Policy support mechanisms for geothermal are increasingly focusing on resource availability, but much of the current support focuses on the operational phase of the project

- How **effective** are the different **policy** and **public investment tools**?
- How can **international public finance** support policies in developing countries?
- How can **public support be reduced**, shifting to a **higher private contribution**?
- How can **risks** be addressed across the **project development chain**?
- What are the characteristics, pros and cons of **available financial structures** and **project development models**?

Thank you