

Financing the Unfinanceable

World Energy Council
Cleaner Fossil Fuels Systems Roundtable
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Decentralized/ Distributed Energy (DE)

- **Development and use of DE should be part of a global energy strategy**
- **Renewable technologies including geothermal, biomass and wind energy are increasingly suitable for base-load, distributed and rural power generation**
- **Most developing countries will accept DE if it is technology agnostic**

Business Environment

- **Local communities, businessmen and financing agencies are often unfamiliar with the technology, business opportunities and financial structuring issues**
- **Utilities and regulators (when they exist) are indifferent and oftentimes adversarial**

Project Issues

- High transaction costs
- Sizing of projects
- Affordability
- Foreign exchange risk

Moving Forward

- **“Ground up” solutions - educating and providing tools to local communities, businessmen, regulators, utilities and financing agencies**
- **Transaction costs have to be lowered**
- **Need to have “smart” subsidies to deal with financial viability while maintaining commercial discipline and sustainability**

Moving Forward

- Pilot/demonstration projects for effective dissemination of “lessons learned” to all stakeholders is a good way to start
- Financing agencies should put more emphasis to developing financial instruments for smaller projects

What is CECA?

- **Senior public interest organization in the U.S. focusing on energy and telecommunications:**
 - **Founded in 1973**
 - **Leading national and international resource for information, analysis, and technical expertise**
 - **History of addressing complex, contentious issues and forging balanced policy recommendations to advance the public interest**
 - **Cutting edge projects and reports that affect consumers and small businesses**
 - **Funded through government (DOE, EPA) and participant sponsorship (industry and technology trade groups, utilities, environmental groups, and all stakeholders)**

CECA's DE Forum

- Launched in late 1999 to consider:
 - The real world potential of DE
 - The promise of DE technologies
 - How to address the obstacles (regulatory, economic, commercial and technological) that prevent widespread adoption of DE in the United States

DE Forum Leadership

- **Charles Curtis, Chair (former Deputy Secretary of Energy)**
- **Ernest Moniz (then Under Secretary of Energy)**
- **Bob Anderson (then NARUC Chair)**
- **Anthony Earley (CEO, Detroit Edison)**

F I N A L R E P O R T

Distributed Energy:

Towards a 21st Century Infrastructure

A R E P O R T O F

The Consumer Energy Council of America
Distributed Energy Domestic Policy Forum

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Impact of Findings

- Recommendations and Findings in Technology and Applications and Policy are being incorporated in state and federal policy and regulatory development
- CECA's DE Report used extensively for training and development in the US

International Implications

- North American and European DE demand will create and greatly expand international applications
- Forum members encouraged CECA to substantively address the barriers to widespread international DE adoption
- DOE, EPA, EPRI and Bonneville Power provided initial support for CECA to explore launching an International Collaborative to promote DE solutions in developing and emerging economies

What will this initiative achieve?

<p>“Soft” Tools</p>	<ul style="list-style-type: none">▪ Business and financial models▪ Corporate governance structures▪ Regulatory practices▪ Interconnection guidelines▪ Interactive web site with technology and financing calculators
<p>“Hard” Tools</p>	<ul style="list-style-type: none">▪ Siting and project management lessons▪ Technology choice▪ Application-specific solutions for training, maintenance, and operations▪ Response to specific needs, infrastructure and resource limitations▪ Pilot projects to disseminate lessons learned