



# **DEVELOPING RENEWABLE ENERGY PROJECTS IN THE U.S.-MEXICO BORDER**

**“BUILDING THE RENEWABLE ENERGY MARKET IN NORTH AMERICA”**

**MONTREAL, CANADA**

**OCTOBER 28, 2004**



# Background

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- ❖ 1995 – NADB created along with sister institution, Border Environment Cooperation Commission (BECC)
- ❖ 2000 – Authorization of New Sectors
- ❖ 2003 – 4 certified air quality improvement projects worth US\$43M financing
  - ▶ \$5.5M Ciudad Juárez, Chihuahua
  - ▶ \$4.5M Agua Prieta, Sonora
  - ▶ \$28M State of Baja California
  - ▶ \$5M Nogales, Sonora
- ❖ 2004 – Approval of 300-km zone expansion into Mexico



# New Sectors

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## Board Authorization - Dec. 2000.

- ❖ Clean and Efficient Energy
- ❖ Air Quality
- ❖ Public Transportation
- ❖ Industrial / Hazardous Waste
- ❖ Waste Reduction and Recycling
- ❖ Industrial Pre-treatment
- ❖ Pollution Prevention



# NADB Resources

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- ❖ **Loans and Guaranties**
- ❖ **Equity Participation**
- ❖ **Technical Assistance  
Funds for Project  
Development**



# Basic Financing Guidelines

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- ❖ **50% of total project cost – maximum NADB participation**
- ❖ **Terms out to 25 years**
- ❖ **Financing costs based on market rates and project risk**
- ❖ **Provide financing in pesos or dollars**
- ❖ **25% equity expected – minimum private sector projects**



# Project Development Process

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- ❖ Contact NADB with project proposal
  - ▶ Define environmental benefit or improvement.
  - ▶ Submit formal business plan with technical and financial feasibility information.
- ❖ Preliminary opinion issued by NADB on financial viability.
- ❖ Application for Project Certification to BECC and request financial support from NADB.
- ❖ BECC certification, NADB financial analysis completed, and NADB Funding Committee approval.
- ❖ Financing package submitted to NADB Board of Directors.



# Obstacles for Renewable Energy in Mexico

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- ❖ Limited investment opportunities due to constitutional restrictions on foreign investment
- ❖ Not sufficient technical assistance resources
- ❖ Not sufficient investment incentives
  - ▶ Investment and production tax credits, grants, etc.
- ❖ Lack of affordable capital with reasonable terms
- ❖ Limited technical, financial, and managerial capacity
- ❖ Lack of external awareness of investment opportunities and associated risks



# NADB Projects in Development

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- ❖ Wind Energy Projects in Tamaulipas, Nuevo Leon, Baja California, and Texas.
- ❖ Biogas Energy Projects in California, Baja California, Chihuahua, and Tamaulipas.
- ❖ Solar Energy Projects in New Mexico, Arizona, Nuevo Leon, and Texas.
- ❖ Biomass Energy Projects in New Mexico and California.



# Energy Efficiency in Nuevo Leon

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- ❖ Monterrey, Nuevo Leon
- ❖ Bundling of projects, attracting co-financiers, improving efficiency and reducing cost per project
  - ▶ State of Nuevo Leon - Public Buildings and Schools; Total Cost: US\$2M
  - ▶ Industry – Four companies placed in project bundles; Total Cost: US\$5M
- ❖ Project partners: World Bank, CEC, WGA, Secretaría de Energía, CONAE, USDOE



# Contacts

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## Project Development – New Sectors

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