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We Build **Possibilities.**

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# SMPP

## SOLAR MERCHANT POWER PLANT FINANCING PROGRAM



We Build **Possibilities.**



BACANG PILIPINAS

The **Solar Merchant Power Plant (SMPP) Financing Program** is designed to support the attainment of the government's target of 35% renewable energy in the country's energy mix by 2030 in accordance with the Philippine Energy Plan (2018-2030). The program is expected to contribute to the government's goal of increasing solar photovoltaic capacity in the country from 2.16 Gigawatts (GW) in 2020 to 15.29 GW by 2030. This financing program caters to the solar project developers who intend to sell their electricity generated to the Wholesale Electricity Spot Market (WESM).

### **Eligible Borrowers**

Private Corporations/Enterprises

### **Eligible Projects**

Construction/Installation of solar merchant power plants

### **Eligible Loan Purpose**

- Capital expenditures such as construction/ expansion of infrastructure facilities, acquisition of machineries and equipment, and development costs in support of solar merchant power projects
- Reimbursement of eligible solar merchant power projects, provided the completed project is not more than one (1) year from date of actual project completion

### **Eligibility Criteria**

Preferably, the proposed project assumptions should have the following parameters:

- Investment cost per MW- US\$ 0.75 Million or lower
- Capacity Factor - 18% or better as per solar insulation data
- Annual Production Degradation - 0.5%

- Repayment Period - 12 years
- Interest Rate of 5% to 8%
- Debt Service Reserve Account (DSRA) of at least six (6) months

For project conditions outside of the above parameters, simulation using the Cost of Renewable Energy Spreadsheet Tool (CREST) Model should first be conducted before proceeding with the loan endorsement

### **Project Cost and Loanable Amount**

The maximum loan amount shall be up to 60% (for Luzon projects) and 50% (for Visayas projects) of validated Total Project Cost

### **Loan Tenor**

Up to twelve (12) years, with up to one (1) year grace period on principal

### **Interest Rate**

- Interest rate shall be floating with 5% floor rate, based on DBP's applicable benchmark rates plus applicable credit spread based on the borrower's risk rating
- Principal and interest payable in quarterly amortizations

### **Other Conditions**

- Additional Credit Enhancements
  - a. Strict implementation of upfront equity infusion
  - b. Project construction must be conducted through Engineering, Procurement, and Construction (EPC) Contract
- Authority to Debit Arrangement
- Continuing Assignment of Revenue Collection with Hold-out Provision equivalent to at least six (6) months throughout the term of the loan
- Submission of WESM Registration Certificate