

Scope for Renewable Energy Financing - How to improve access and allocation for Green Energy Projects and Credit Risk Management

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ABSTRACT: As we are transitioning towards low carbon economy, renewables have become a compelling investment for foraying ahead in global energy sector arena. Upfront higher costs are an impending challenge for the global renewable market. Ways and means to channelize and inflow of capital into renewables is of utmost priority. Hedging solutions per se and reducing barriers better facilitate and manage shall need varied tools, instruments, mechanisms and rating models. This paper aims to put forth the valid policies, practices, frameworks and tools in the best possible way to bring in positive deliverables and justify the title of paper renewable energy financing - improving the access and allocation of green energy projects and credit risk management with better solutions for ease of implementation for future trajectories. As per OECD, IRENA varied policies and tools that reduce barriers and mitigate risks include: I. Enabling Policies and Tools: 1. Financial policies and regulations 2. Project Preparation Facilities 3. Project facilitation tools 4. On-lending facilities 5. Hybrid structures II. Financial Risk Mitigation Instruments: 1. Guarantees 2. Currency hedging instruments 3.

Liquidity facilities 4. Resource risk mitigation tools 5. III, Structured Finance Mechanisms and Tools: 1. Standardization 2. Aggregation 3. Securitization 3. Green bonds 4. Yieldcos. first the likelihood that a project will default on its obligations - probability of default (PD). And secondly, what losses will the lender incur if the project does default - loss given default (LGD). Tools and methodologies already exist for lenders to conduct a rigorous internal assessment of a project finance deal. Comprehensive experience of the industry leaders, for example from relevant professional associations and internal teams in assessing project finance projects to developing and using the appropriate credit risk frameworks. Predictive analytical models that are tested for predictability against project finance data and/or external ratings of the various asset classes. Keywords: Renewable Energy, Co-creation, Credit Risks, OECD, Green Bonds, Policy Risks, Rating

Biography

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Recent Publications

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