

# German firm seeks Solar power in T&T

By Leah Sorias

**G**ERMANY-BASED real asset investment manager MPC Capital, believes the time is ripe for countries in the Caribbean to shift to renewable energy— not just because it's better for the environment, but because of the huge power savings for governments and citizens.

Over the last ten years, MPC Capital has been investing in renewable energy around the world.

Its focus now is on the Caribbean, said Martin Vogt, managing director MPC Renewable Energies.

"The reason for that is the Caribbean is one of the most vulnerable regions to climate change in the world and that is combined with the region having very high electricity prices," he said during an interview with Express Business last week Thursday.

He said the company has already invested almost US\$20 million in the region, and plans to invest about US\$200 million over the next three to four years, in order to supply more households with clean energy.

MPC Renewable Energies is the investment adviser to the MPC Caribbean Clean Energy Fund, MPC Capital's investment platform for renewable energy projects in the Caribbean.

Vogt said the company believe that in the next four to five years, the wider Caribbean region will need roughly US\$8 billion of new investments in the power sector.

"A lot of this investment will need to

come from private investments because the Government does not have the fire power to invest as much as would be needed in this kind of infrastructure," he said.

"In making the case here (region) for a new source for electricity generation, which is much cheaper than conventional power," he stated.

## Solar Plant in Jamaica

Vogt said MPC Capital's investment in the region started in 2016, in Jamaica.

"At the moment, we are building the largest solar plant in the Caribbean in Jamaica. It will provide electricity for 50,000 households, with clean energy. On the other hand, it is the cheapest source of power generation in Jamaica. So we are lowering the cost of energy by roughly 50 per cent to the current generation mix. At the moment we have invested a total of US\$15 to US\$20 million," he said.

Vogt said the plant in Jamaica reached financial close in June.

MPC Capital, through MPC Caribbean Clean Energy Fund, is a shareholder in the project.

It is currently under construction and will be commissioned in early 2019.

"Our investment in Jamaica is very much de-risked. We stepped in at financial close, which means that the power purchase agreement was already secured for more than 20 years. So all the energy we are generating will be sold under fixed price contracts for the next 20 years to the Jamaica Public Service Company Limited (JPSco). That means for us it is a high visibility on future contracted cash flows. This makes the investment into renewables very interesting for our investors. It has a total investment volume of US\$65 million and we are building it together with another investor from France, called Neoen," he said.

In June this year, MPC Capital also announced that its Caribbean Clean Energy Fund and Trinidadian conglomerate ANSA McAL Limited were jointly investing in an operational 21-megawatt wind farm in Costa Rica.

"With the Costa Rica wind farm and the Jamaica solar power, we are in the position to provide more than 100,000 households in these countries with clean energy," Vogt said.

He said the company's activities are financed by Republic Bank.

## MPC interested in investing in T&T

In January, the Ministry of Energy called for expressions of interest (EOI) for utility-scale renewable projects.

Vogt said MPC Capital is participating in the EOI.

"If the Government puts the right regulatory framework in place, we would very much love to invest locally here in Trinidad in the renewable energy sector," he said.

The regulatory framework Vogt referred to is specifically access to the national grid and the possibilities to secure long-term off-take agreements with public and private consumers.

"Our partners are currently developing here a 40-megawatt solar project, which we hope will turn into a real project or into construction, maybe in 2019 or 2020. So we do have a mid-to-long term investment horizon," he stated.

Vogt said T&T has a very special and unique place in the Caribbean.

"Whereas the other islands are depending on imported fossil fuels, Trinidad has the luxury of their supply. But obviously there is a higher value for the industry if they can use

the gas for other purposes than electrification."

"On the other hand, you have Trinidad which is just coming out of a recession and therefore the Government needs to think very wisely about where to support and where money goes. And this is maybe not the optimal time for renewable energy, but we are very confident that renewable energy can be a very competitive source of energy."



Martin Vogt, managing director MPC Renewable Energies.

## About MPC Capital

MPC Capital is an international asset and investment manager for real or physical asset investments.

Together with its subsidiaries, the company develops and manages real asset investments and investment products for international institutional investors, family offices and professional investors.

The company's focus is on the asset categories real estate, shipping and infrastructure.

MPC Capital is publicly held and has been quoted on Germany's main stock exchange in Frankfurt since 2000. It has around 250 employees group-wide.