Nearly two-thirds of its energy generation from oil, Vietnam is a fossil fuel-intensive economy that derives first utility-scale solar power plants to life. The Private Infrastructure Development Group Ltd. (“PIDG”) is a private limited company incorporated in England and Wales, whose registered office is at 6 Bevis Marks, London, EC3A 7BA. Tel: +44 (0) 203 848 6740 | www.pidg.org | Communications@PIDG.org Company number: 11265124 | VAT number: 296085564

By Prabaljit Sarkar, Director of Business Development, InfraCo Asia

Prabaljit Sarkar, Director of Business Development at InfraCo Asia, was an instrumental part of the team that developed the recently commissioned 168MWp Ninh Thuan Solar Power project in Vietnam. Here, he shares his perspective on bringing one of the country’s first utility-scale solar power plants to life.

The Ninh Thuan Solar Power project in Vietnam is a fruitful example of how renewable energy can help to meet the energy demands of a rapidly developing country. InfraCo Asia’s work on this project has been instrumental in demonstrating the potential of solar energy to power a nation’s future, and has served as a model for similar efforts around the world.

The project has also served as a catalyst for broader economic development, as it has provided employment opportunities and helped to improve local infrastructure. As a result, the project has had a positive impact on the lives of those who live in the surrounding communities.

In addition to its environmental benefits, the Ninh Thuan Solar Power project has had a significant economic impact on the region. The project has created new jobs and helped to boost local economies, while also providing a reliable source of clean energy.

Ultimately, the project has been a success story, demonstrating the potential of renewable energy to power a nation’s future and improve the lives of those who live there. Through projects like these, we can continue to make progress towards a more sustainable and equitable future.

Notes from the field: InfraCo Asia’s Ninh Thuan Solar Power Project

Financing one of the first: What it takes to bring a large utility-scale solar project online in Vietnam

Prior to my time at InfraCo Asia, I spent a significant period in Vietnam working to develop and raise debt finance for a 1,240MW power project in the northeastern part of the country. Coupled with InfraCo Asia’s investment, development, and 2018 divestment of the 29.7MW Coc San Hydro Power project in Lao Cai Province, experience told me that financing the Ninh Thuan solar power project would also be an ambitious undertaking given Vietnam’s limited access to mainstream financing and high cost of capital due to perceived sovereign risks.

Together with our partner Sunseap International, Singapore’s leading renewable energy company, InfraCo Asia managed to overcome Vietnam’s significant challenges and go on to create a project that demonstrates how risks can be identified, mitigated and managed in frontier markets and which contributes to the recent crowding-in of private capital into the country’s solar photovoltaic (PV) sector.

Many factors contributed to the Ninh Thuan project’s success, including InfraCo Asia’s work on the financing of the project. We spent a significant amount of time working with international banks as well as local Vietnamese financial institutions to unpick some of the ‘non-bankable’ terms in the Power Purchase Agreements (PPAs) so that they would have the comfort level needed to finance on a non-recourse basis. We also offered up innovative credit enhancement solutions aimed at balancing risk for all parties involved.

Ultimately—and alongside the project development work we undertook with Sunseap—these actions instilled confidence in potential lenders, culminating in the provision of limited-recourse project financing by a regional bank which, prior to this project, had not explored the possibility of funding such a large-scale renewable energy project in Vietnam.

On 15 June 2019—two weeks ahead of schedule—the project was commissioned and has been operating reliably since. Along with being one of the first utility-scale solar power projects in the country, the Ninh Thuan project is also one of only a handful of large-scale solar projects (above 100MW) in Vietnam that was financed with 100% foreign equity investment.