



Gníomhaireacht Bainistíochta an Chisteáin Náisiúnta
National Treasury Management Agency

Ciste Infheistíochta Straitéisí d'Éirinn
Ireland Strategic Investment Fund

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14th September 2016

Financing Bioenergy Projects Workshop





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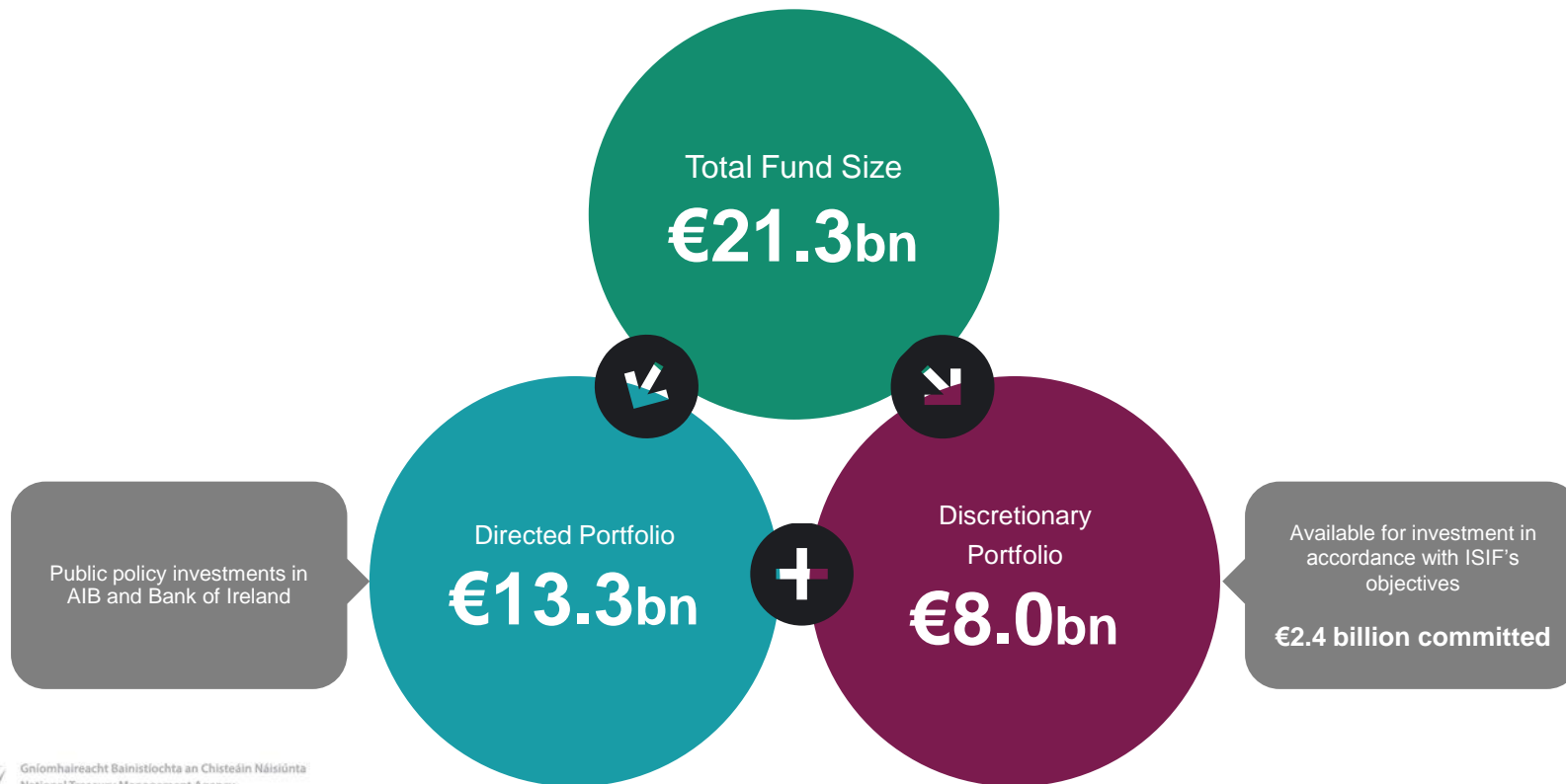
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Fund Size and Structure





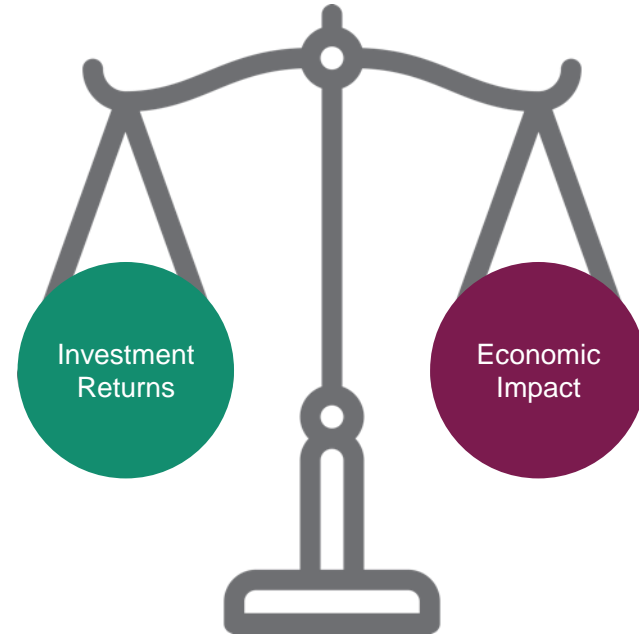
Invest on a commercial basis
to support economic activity
and employment in Ireland



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A Unique and Challenging Mandate



High Economic Impact Investments

Economic Impact Framework - Key Concepts



Additionality

Benefits would not have been achieved without the ISIF investment



Deadweight

Benefits would have been achieved without ISIF investment



Displacement

Benefits achieved at expense of other domestic players



Commercial Investment Objectives

Return and Commerciality

Risk adjusted expected return

Third Party investors validate commerciality

No "Soft Money"

Debt and/or equity

Participate in all levels of capital structure -
Equity, Mezzanine, Senior Debt, etc

Tenor

Long term horizons

No restrictions on tenor

Flexibility

No set regulatory or return on capital requirements

Ownership / Control not key driver

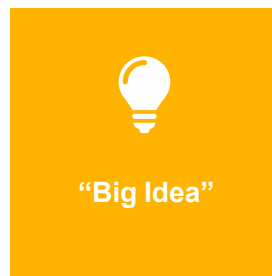
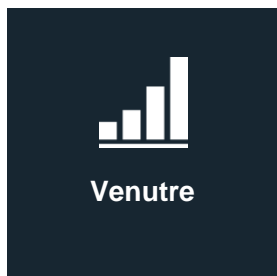
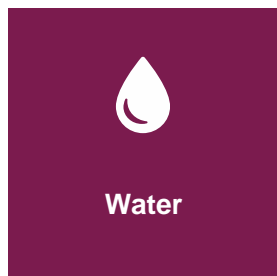
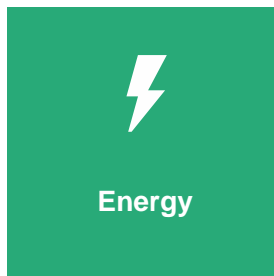
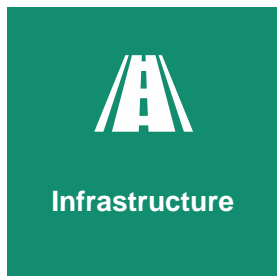
Innovative

Seek new ways to play a role in the market

Work with public and private sector parties to develop financing solutions



Where do we think we can Invest...with Impact?



Infrastructure & Energy

Sector	Energy Infrastructure	Enabling Infrastructure	Social Infrastructure	Connectivity - Virtual	Connectivity Physical
Sample Projects					
What ISIF brings...	<ul style="list-style-type: none"> • Wind, Biomass, Waste to Energy • Emerging Technologies • Heat / Energy Efficiency 	<ul style="list-style-type: none"> • Enabling Energy Infrastructure • Enabling Residential Development 	<ul style="list-style-type: none"> • Student Accommodation • Elderly Care • Primary Care Centres 	<ul style="list-style-type: none"> • Fibre Optic Cable Projects • Energy for Data Centres • Broadband 	<ul style="list-style-type: none"> • Ports • Airports
	<ul style="list-style-type: none"> • <i>Delivering the "marginal MW"</i> • <i>Flexibility</i> 	<ul style="list-style-type: none"> • <i>Flexible risk/return metrics</i> • <i>Long term investment horizon</i> 	<ul style="list-style-type: none"> • <i>Long Term, patient capital</i> • <i>Scale Up to match demographics</i> • <i>Accelerate investment</i> 	<ul style="list-style-type: none"> • <i>Flexible risk/return metrics</i> • <i>Innovative structures</i> • <i>Certainty of finance availability</i> 	<ul style="list-style-type: none"> • <i>Flexibility of funding solutions</i> • <i>Long term horizon</i>

ISIF and Bioenergy ... Why?

- Consistency with national energy policy
- Capable of attracting commercial investment
 - *Appropriate Risk / Return*
 - *Long Term investment horizon*
- Significant economic impact potential
 - *Renewable energy targets*
 - *Development of domestic supply chain*
 - *Construction and operational employment*
 - *Regional investment*



ISIF and Bioenergy – experiences to date

- Biomass Power Generation
 - *A number of pipeline opportunities – none signed yet*
 - *Suited to equity rather than debt investment*
 - *Time consuming and complicated transactions*
- Waste / AD
 - *Some pipeline opportunities*
- Heat / Transport
 - *Limited visibility on commercial investment opportunities*



ISIF and Bioenergy – positives

- Projects of investable scale
- Quality of co-investment partners
- Robust structures being developed
- Technology : proven or upscale of proven
- New entrants to the market with international experience
- REFIT support to underpin core revenue streams



ISIF and Bioenergy – key challenges

- Robust, creditworthy, domestic supply chains
- Market assumptions for non-REFIT revenues
 - *Visibility on RHI*
- Construction / EPC wraps
- Investment returns
 - *Depends on investor appetite for risk/return*
 - *Comparison with other markets – institutional appetite*
- Inability to raise senior debt / project financing





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Thank you