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Mexico’s PPP Model

**Classic Single Buyer Model**

*Objective: Let Private Sector take financing and construction risk*

- **IPP**
  - IPP\(_1\)
  - IPP\(_2\)
  - IPP\(_3\)
  - IPP\(_n\)

- **Single Buyer** (Guarantees Off-Take)
  - State\(_1\)
  - State\(_2\)
  - State\(_n\)

- **CFE**

- **Industry**

- **No Private Disco**

Green = Private
Black = Public

**Pidiregas - Mexico**

- Competitive Bid for lowest construction price
- Private Bidder takes financing and construction risk
- Project pays itself back via guaranteed off-take with Single Buyer (CFE is owned by Gov)
- Discos remain in State hands
- CFE is also State Genco

*Pidiregas = Proyectos de Impacto Diferidos en el Registro de Gastos*
Turkey’s PPP Model

Phasing out the Single Buyer, Introducing a Balancing Market, Privatizing Distribution
Objective: Encourage private sector to sell into Balancing Market while privatizing discos

- Phasing Out Single Buyer - Old BOT Projects (Guarantees Off-Take)
- Balancing Market (~20% of transactions)
- Private Bilateral Contract
- Balancing Market (40% of Consumption)
- Private Industry
- Traders
- Industry
- State D1
- State D2
- State Dn

Gov supports the creation of a credible Balancing Market (BM)
- Encouraging Auto-Producers (Cogen) to Inject into the Grid
- New generation gets built on a merchant basis and sells to BM
- Meanwhile distribution gets privatized

Generation Share 2010

- Private producers*
  - EUAs and subsidiaries: 30%
  - 45%
  - 16%
- Auto-producers

* Old BOTs

2 Discos Private (19 in privatization process)

T. Bakovic
India’s PPP Model

Hybrid Single Buyer Model and Power Exchange
Objective: Encourage private generation

Gov supports the creation of private power exchanges mainly to encourage captive generation (cogen) to inject into the grid
Companies must prepay 2-days before transacting on exchange
Distribution “franchising” model gets implemented by some states given difficulties implementing privatization
Brazil’s PPP Model

No Single Buyer (competitive auction scheme)

Objective: Introduce competition and encourage investment

Green = Private
Black = Public

- Discos auction blocks of demand every 6 months
- Discos put 2 months of expected payments in bank escrow account
- Market admin facilitates auction
- Generators bid for incremental blocks (pay as bid)
- Auctions are for short-term contracts (1 year, 3 year, 5 year and 10 year)
- Gov and private companies compete in the bids
- Gov gets all the environmental licenses for the hydros to be auctioned (if any)
- Auctions for ‘old energy’ and ‘new energy’ separately
- No Spot Market - all power contracted

60% of Discos Private

44% of Consumption

Private Industry

IFC International Finance Corporation World Bank Group