SYNOPSIS

El Salvador Solar Farm

This project is a 6.5 MGW (AC) solar farm costing $10 million to build in El Salvador. The developer has a power purchase agreement (PPA) with the local utility company. They will sell their power for an average of 20 cents per KWH. This rate is floating daily as the market changes. This currently represents a revenue stream of $1,950,000 per year. The developer Solar Horizons is seeking a Joint Venture partner to develop the solar installation and will give the investor his capital back first (estimate 5 years) from project revenues before splitting profits 50%/50%. A site is available and a supply of solar panels from China has been negotiated as have governmental approvals. Sun exposure has been estimated at 9 hours per day.

Developer

The Company is offering an equity interest of 50% for funding up to $10 million for the first solar farm. The solar company will design, engineer, construct and manage the project. The United Nations awarded this company a medal for design excellence two years ago at an International ceremony in Geneva Switzerland. The company is 5 years old and its leader has a PHD in engineering and extensive experience with Solar Energy. This project will be a joint venture with Solar Horizons owning 50% and the capital partner owning 50%. There are two other Spanish speaking partners on the management side. The company has designed, engineered, built and manages over 4 MGW in Colorado. The developer owns his own office complex.

Mission

The great importance of this project is to use this solar farm opportunity to grow a utility company in the region. Once they are a utility company they can sell powers to the regional market and even to other nearby neighboring countries by duplicating this solar farm model with its high revenues.

PPA Background

How Utilities operate In El Salvador: price varies daily, uses stacked costs from most to least efficient

First the utility purchases renewable such as solar and wind.
Second it purchases hydro when more power is needed.
Third it purchases geothermal when more power is needed.
Finally it purchases Fossil fuels such as diesel and natural gas.

Advantages 1. PPA is with a publicly traded company with higher rating than the government
2. This PPA can connect directly with the grid instead of a substation.

Economics

The estimated cost for this project is $1.70 per watt plus engineering, installation and land. Compare this to current cost $ 2.70 to $ 4.00 per watt average and revenues rate is twice that of USA. This explains why the return on investment is so high. Over the years the utility is expected to pay more as the local market rate increases.

See Project Summary