
Cost of Capital Observatory Survey

Introduction

We are conducting a survey to understand how stakeholders within the energy industry, such as institutional investors, project developers, consultants, advisors, analysts, and financiers, estimate the cost of capital of renewable energy and fossil-fuel projects in emerging and developing economies.

Please note that your answers will be anonymized, and no respondents will be identified. Your email address will be used to collect your responses and is protected consistent with the [IEA Data Protection Rules](#). Your responses will be disassociated from your email address, and fully anonymized. The survey results will be analyzed by the supporting organisations of the Cost of Capital Observatory workstream: Imperial College London, ETH Zurich, and the International Energy Agency.

We would be grateful if you could kindly take a few minutes to complete this short survey, by answering the questions below. We would be happy to give you a first look at the aggregated results once we've received and analyzed the responses.

The survey

To answer the survey, we would like you to assume you are evaluating an investment in two projects, each with a 20 year tenure.

- Project 1: 100 MW solar PV power plant
- Project 2: 250 MW gas-fired power plant

Please base your answers on the countries listed below in which these hypothetical projects are based. Even if you are not currently investing in these countries, we encourage you to make estimates based on your perception of the market.

- Brazil
- India
- Indonesia
- South Africa
- Mexico

Questions

1. Please indicate which option best describes your organization?

- Project Developer
- Institutional Investor
- Private Equity/Infrastructure Fund Managers
- Development Financial Institution
- Utility
- Commercial bank
- Advisor/analyst/consultant
- Other

If you selected "Other", please state the type of organization here:

2. Based on the list below, please select a contractual structure for each project and input your choices into the table:

- Merchant (i.e. selling generation on wholesale markets)
- PPA (Power Purchase Agreement) with a utility/governmental counter party
- PPA with a private corporation
- FiT (Feed-in-Tariff)
- CfD (Contract for Difference)
- Other

If you selected "Other", please specify:

Project	Brazil	India	Indonesia	South Africa	Mexico
100 MW Solar PV Project					
250 MW Gas Fired Project					

3. Please provide an estimate of the overall (weighted average) cost of capital (in %) you would apply to each project (provide estimates for each country). If you are not comfortable providing a point estimate, then please indicate a range

	Year of Investment Decision	
100 MW Solar PV Project	2019	2021
Brazil		
India		
Indonesia		
South Africa		
Mexico		

	Year of Investment Decision	
250 MW Gas Fired Project	2019	2021
Brazil		
India		
Indonesia		
South Africa		
Mexico		

4. Is your answer to question 3 based in real terms or nominal terms?
5. Does your answer to question 3 incorporate taxes? If yes please specify.
6. If possible, please break down the estimate provided in question 3 into the following components:

100 MW Solar PV Project					
Metric	Brazil	India	Indonesia	South Africa	Mexico
Share of debt (i.e. leverage), %					
Minimum Equity IRR, %					
All-in cost of debt, %					
Debt tenor, years					

250 MW Gas Fired Project					
Metric	Brazil	India	Indonesia	South Africa	Mexico
Share of debt (i.e. leverage), %					
Minimum Equity IRR, %					
All-in cost of debt, %					
Debt tenor, years					

7. For all the debt financing to be raised for each project, what would the maximum tenor be on any given debt instrument?
8. What benchmark rate would you use to estimate the all-in cost of debt?

9. Is your cost of capital in local or foreign currency? Please enter currency (eg. USD, EUR, INR etc.)?

10. Consider the following statement:

“More transparency on the cost of capital for clean energy investments in emerging and developing economies would lead to more investments”

Please bold one of the following options:

Strongly Agree – Neutral – Disagree – Strongly Disagree

11. Please provide additional detail on what factors are driving any of the higher risk premiums identified above, e.g. any country-specific factors, regulatory or other risks that you would like to highlight?

12. Please check this tick box if you would be available to have a follow-up call (max. 1- hr) with us to discuss these issues further. ☐