



The Transparency Tool: An introduction

Introduction

As a condition to the introduction of RLSF in a given country, the offtaker, the Ministry of Finance and the Ministry of Energy of the host country will have signed a MOU with ATI that confirms the support of the government and the offtaker to the RLSF initiative.

In the same document, the Government agrees that ATI can collect information from the Independent Power Producers (IPPs) about the payment behavior of the offtaker, share the information with other participating IPPs and the Government, and from time to time make the information public. The conditions for publication vary from country to country.

The purpose of the Transparency Tool

There is a lot of uncertainty about the actual payment behavior of the utilities. Since many utilities also don't publish their annual financial statements in a timely way, this ambiguity increases the perceived risk of non-payment by Independent Power Producers (IPPs) and their lenders, and this in turn impacts the cost of funding.

The main objective of the Transparency Tool is thus to improve the transparency related to PPA payments and to demonstrate, over the long term, that the offtakers are reliable paymasters. This in turn will align the perceived risk with the real liquidity risk. It will also help lenders to assess the creditworthiness of the offtakers.

The secondary objective is to demonstrate to the IPPs that the offtaker is paying the IPPs *pari passu* and thus respects the waterfall to which it has committed.

The obligations and benefits for the Project Company

ATI appoints a supplier who designs and maintains a web based credit management application. The participants will be able to upload their data in different ways, both automatically and manually.

By signing the Terms of Use Agreement, the IPP will commit to

- inform ATI, through the Transparency Tool, of all the details of the PPA that relate to the tariffs and the payment obligations of the offtaker.
- upload before the 5th of each month the detailed payments it received from the offtaker and the invoices it has issued, to reconcile this with the data that were previously provided, and to clarify any issues it had with regards to the payments.
- keep the information it receives from the Transparency Tool strictly confidential.
- allow the offtaker to access and verify the data provided.
- answer any question from ATI related to the data provided.

In return, as soon as more than 2 IPPs from the same country participate, the IPP will receive detailed information about the performance of the offtaker and the payment experience (on aggregate) of other IPPs compared to its own. The reports will include long term trends. The reports will be generated automatically and they can to some extent be customized by the users.

Participants

Participation in the Transparency Tool is mandatory for beneficiaries of RLSF. In order to improve the reliability and relevance of the data, IPPs that don't benefit from RLSF will be invited to participate as well. They will be asked to make the same commitments as the beneficiaries of RLSF.

Access and use of the Transparency Tool will be free of charge for all participants.