

# Villonaco 2 & 3

MEMBRILLO-DUCAL  
HUAYRAPAMBA

Wind  
Farm  
Project

Ecuador

MINISTERIO DE ENERGÍA Y RECURSOS NATURALES NO RENOVABLES



EL  
GOBIERNO  
DE TODOS

# Ecuador

## Country of opportunities

Thanks to the policies featured by the Ecuadorian government, we are a nation that supports private sector investment for promoting technological innovation and to generate qualified employment.

In order to support this type of investment, Ecuador has developed a institutional framework that provides legal settings, encourages local private Enterprises, and has become a confidence place for private investors.

Several incentives have been implemented to attract private investment in priority sectors, including renewable energy.



## Ministry

### of Energy and Non-Renewable Natural Resources

The Ministry of Energy and Non-Renewable Natural Resources (MERNNR) is the government entity responsible for public policy making and guidelines for the energy sector in Ecuador

Among others, its main objectives include increasing the efficiency and productivity of energy and mining resources; expanding the nationwide side demand management efficiency; and increasing the quality, continuity, resilience, security, and coverage of the public electricity service.

In order to accomplish its goals, MERNNR has developed, together with other government authorities, an investment package mainly focused in pursuing private investment in renewable energy projects.



Villonaco 2 & 3 Wind Energy Project

## Project

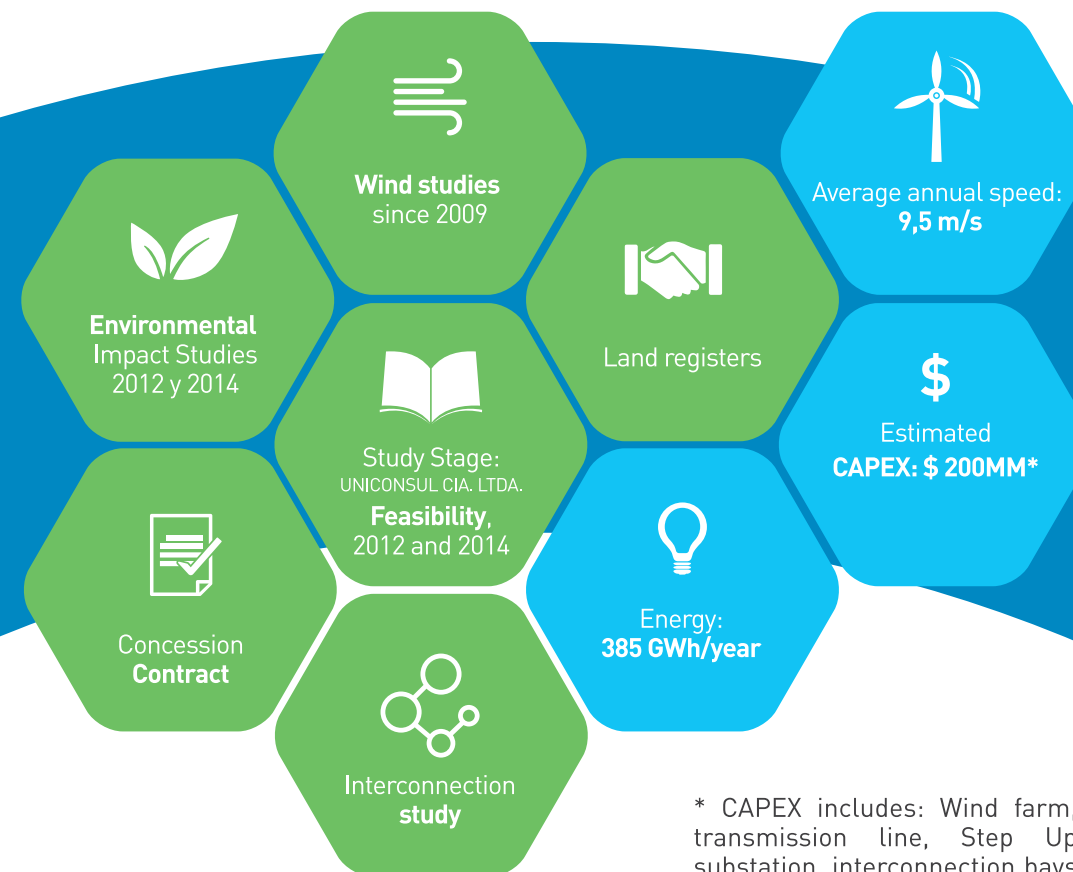
### detail

Villonaco II and III are currently the most important wind energy project being promoted in Ecuador, and have been prioritized by the Ecuadorian State to generate clean energy through unconventional renewable resources. Villonaco II and Villonaco III Power Plants will provide a minimal usable power of 110 MW.

Private investment is encouraged by national government to implement these projects, through a concession agreement of Villonaco II and III project, within a period of 25 years, including construction phase.

## Technical

### detail



\* CAPEX includes: Wind farm, transmission line, Step Up substation, interconnection bays to the National Interconnected System and access roads costs to the project sites.

 Data pack



## Location

Wind Power Project Villonaco II and III are located in province of Loja, in southern Ecuador. The Villonaco II wind power plant is located in the site of Membrillo – Ducal, in the western mountain range that borders Loja City; while Villonaco III wind power plant is in the site of Huayrapamba, near to Chuquiribamba village, 49.10 km far from Loja. Both projects will enjoy the same microclimate of the Villonaco I Wind Power Plant, which is characterized by its optimal capacity factor (53.7% avg; Average wind speed: 12.4 m / s (44.64 km/h).

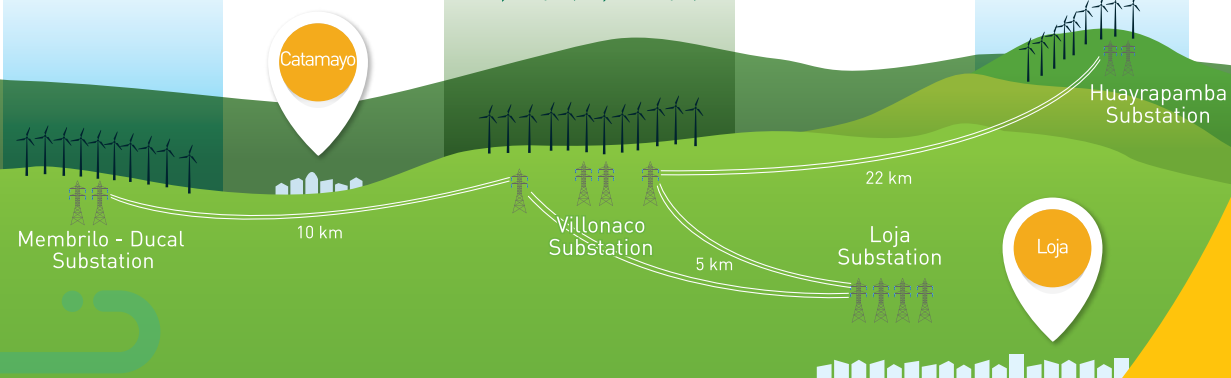


### Villonaco II Membrillo - Ducal

### Villonaco I

Capacity factor 53,7%  
Average wind speed at day  
12,4 m/s (44,64 km/h)

### Villonaco III Huayrapamba



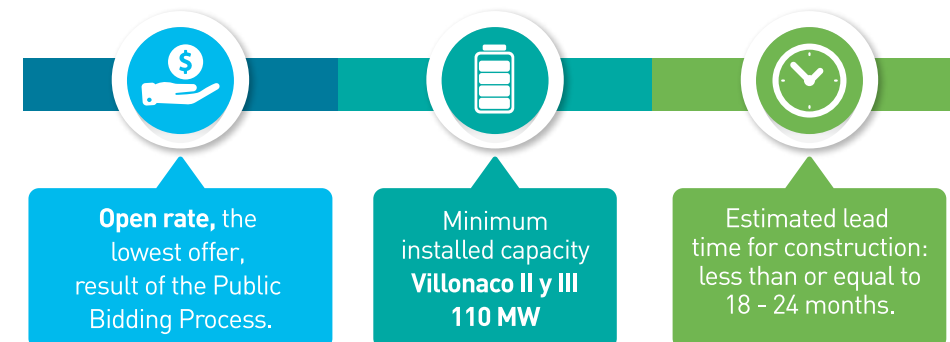
Villonaco 2 & 3 Wind Energy Project

## Scope

### of the Public Selection Process (PPS)

The Villonaco´s II and III project, with 110 MW of minimum installed capacity, will be granted as a concession through a public bidding process, in accordance with the Organic Law Of Public Electric Service ( LOSPEE, in Spanish). The company will bid for the project, and the winner will be responsible for the design, financing, construction, operation, maintenance and delivery of electrical energy service.

The investor who makes the best offer will be responsible for the construction and operation of the “El Aromo” photovoltaic power plant. Once the concession period has ended, which lasts 20 years, the asset will be transferred to the Ecuadorian State. All reckless bids will be disqualified and associated guarantees executed.

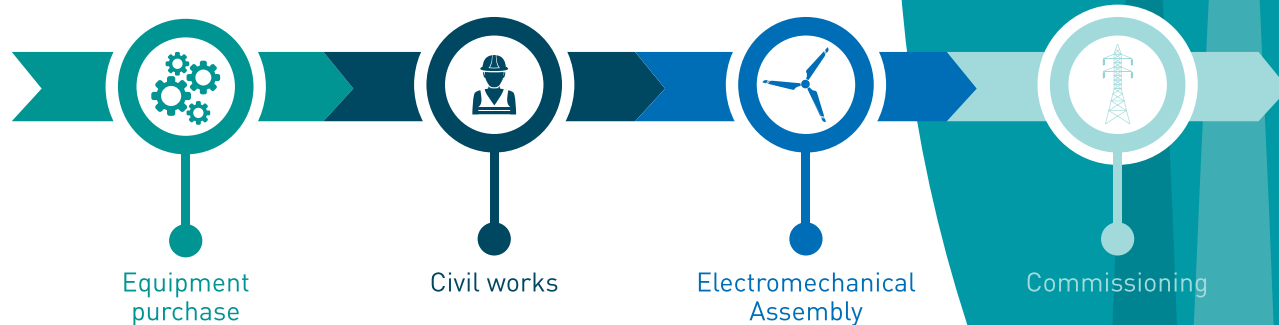


## Supervisory role of ecuadorian State

The State, through the Ministry of Energy (MERNNR), will carry out the public selection process.

Once Villonaco II y III project has been granted, the State assumes a supervisory role throughout the construction, operation and maintenance, ensuring compliance with current legal regulations.

### Principal project milestones



## Offer qualification and eligibility requirements

Tender Guidelines Purchase,  
Draft Contracts, and  
reference studies.



### Legal

- Bid security and warranty period (Validity 24 months)

### Technical

- Experience acquired by the company or consortium in Non Conventional Renewable Energy Assets, Minimum installed power of 300 MW in the last 10 years, in no more than 10 projects
- Wind turbine design certificate under the IEC Standards: 61400
- Energy quality compliance certificate (ARCONEL 004/15).
- 96% minimum availability throughout the project.

### Financial

- Company or consortium net worth > US\$ 300MM
  - Liquidity and indebtedness index.
- a.** Liquidity ratio (>1)
- b.** Debt / Equity ratio (< 2)



### Economical

Lowest bidding  
value: USD/kWh

## Legal affairs



# Incentives

for private investors



Exemption of Overseas Remittance Tax (IMPUESTO A LA SALIDA DE DIVISAS –ISD– in Spanish) for capital goods and raw materials.

Exemption of the Overseas Remittance Tax for the importation of goods, service acquisition, financing, dividends or profits, payments for acquiring shares, rights or holdings.

12 year Income Tax (IR) payment and pre-payment exception for new investments on the outskirts of Quito and Guayaquil.

8 year Income Tax (IR) payment and pre-payment exception for new investments in urban jurisdictions in Quito and Guayaquil.

Source: Organic Law for Productive Development, Attraction of Investments, Generation of Employment, and Stability and Fiscal Equilibrium.



Public tender activities  
for concessioning the project  
(Includes Concession Contract, and PPA)

## Launch and call for proposals

- Preliminary bit documents publication and reception of the suggestions
- Elaboration of the final bit documents

## Development activities

- Bid Prequalification
- Purchase the bit documents
- User-names and password delivery
- Technical visit
- Questions & inquiries
- Answer to questions & inquiries
- Results publication

## Offer preparation

- Technical and economical bid requirements delivery
- Technical bid requirements evaluation
- Bid validation process
- Technical bid requirements qualification
- Results publication
- Economical bid requirements qualification
- Results publication
- Recommendation to award or declare void the public tender

## Transaction closing

- Contract suscription
- Construction begins
- Equipment purchase order



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