

PROJECT ABSTRACT
STRUCTURED AND CORPORATE FINANCE

OCTOBER 5, 2009

Country:	Mexico
Sector	Energy
Project Name:	EDF La Ventosa
Project Number:	ME-L1076
Borrower:	Eléctrica del Valle de México, S. de R.L. de C.V. ("EVM")
Sponsor/ Shareholder:	EDF Energies Nouvelles (EDF-EN)
Proposed A Loan:	Up to US\$30 million in MXP, under the LCF
Status:	Due diligence

PROJECT DESCRIPTION

This 67.5 MW wind farm in the La Ventosa region of the State of Oaxaca, Mexico (the "Project") is being developed and owned by a special purpose limited liability company, Eléctrica del Valle de México, S. de R.L. de C.V. ("EVM") at a project cost of approximately MXN\$2,200 million. EVM is an affiliate of EDF Energies Nouvelles S.A. ("EDF-EN"). The Project is being developed under Mexico's self-supply or "autoabastecimiento" framework and will sell its energy to four Wal-Mart de México subsidiaries ("WMS") under 15-year selfsupply power purchase agreements. The IDB and IFC have joined forces to each consider providing up to the Mexican peso ("MXP") equivalent of US\$30 million in senior debt to the Project. Furthermore, the Project has been awarded financing on concessional terms of up to US\$15 million through the Clean Technology Fund.

EVM will construct, own and operate the Project in the municipalities of Juchitán de Zaragoza and Asunción Ixtaltepec, both in the State of Oaxaca, in southwestern Mexico. This region is one of the best wind resources in the world due to the particular topography and its location on the isthmus between the two oceans.

The Project consists of the installation of 27 wind turbine generators with a nominal capacity of 2.5 MW each, associated control facilities and a 115 kV transmission line from the Project site to the Juchitán II substation. The Project has entered into a Turbine Supply Agreement with Clipper Windpower ("Clipper") for the purchase of 27 Clipper 2.5 MW "Liberty" C89 wind turbine generators. Each tower will be 80 meters high and include a rotor of 89 meters of diameter (maximum height: 124.5 meters). The towers

will be located along two lines, one of about 4.8 km including 20 generators (Ejido La Mata), the other of about 1.7 km with 7 generators (Ejido La Ventosa). Title to the transmission line and interconnection equipment will be transferred to Comisión Federal de Electricidad (“CFE”) at completion. The Project will also use the existing CFE transmission infrastructure and has entered into long-term transmission agreements with CFE. Construction works began earlier this year.

EDF-EN is a leading developer of renewable energy projects, in particular wind power plants. EDF-EN is listed on the Paris Stock Exchange, is a 50%-owned affiliate of Electricité de France (EDF) and acts as EDF’s development arm in the renewable energy business. EDF-EN is an experienced wind project developer with over 1,560 MW of windpower projects in operation and close to 15,100 MW under development, mainly in Southern Europe and the US.

All land for the Project and associated facilities has already been contracted under 30-year land-use right agreements (“usufruct contracts”) with the ejidatarios of Ejido La Ventosa, Municipio de Juchitán de Zaragoza, State of Oaxaca and the Ejido La Mata, Municipio de Asunción Ixtaltepec, State of Oaxaca. The usufruct contracts cover the surface area required for the 67.5 MW project.

In June 2003 the Project was granted an Environmental Permit by relevant Mexican authorities (SEMARNAT). The Permit was amended in July 2008 to incorporate modifications in design, and includes provisions for further assessment and monitoring of potential impacts during operation (noise, impacts on migratory birds).

The Project will have a number of important benefits: (i) the Government of Mexico has pledged to aggressively reduce its greenhouse gas emissions by 50% by 2020. This transaction represents an opportunity for the IDB to assist Mexico with its transition to a low carbon economy; (ii) Mexico is suffering from a deficit in renewable energy generation infrastructure considering its important resources. Development of Mexico’s abundant wind energy resources is also a critical component of the country’s renewable energy strategy; (iii) the Project furthers the off taker’s corporate goal of using 100% renewable energy; (iv) IDB’s support for the Project, one of the first private wind-power projects in the country, would have an important demonstration effect such that banks, the Mexican governments and private investors would all be more inclined to support such projects; (v) the Project provides an interesting opportunity for the IDB to leverage its resources to mobilize resources with other multilateral institutions in the current environment when banks are suffering from limited capital.

Taking into account the environmental and social aspects related to the Project and the requirements outlined in IDB’s OP 703 Environment and Safeguards Compliance Policy, the Project Team proposes that the Project be classified as a Category B operation. IDB’s Environmental and Social Strategy (ESS) for this operation is presented in a separate document.