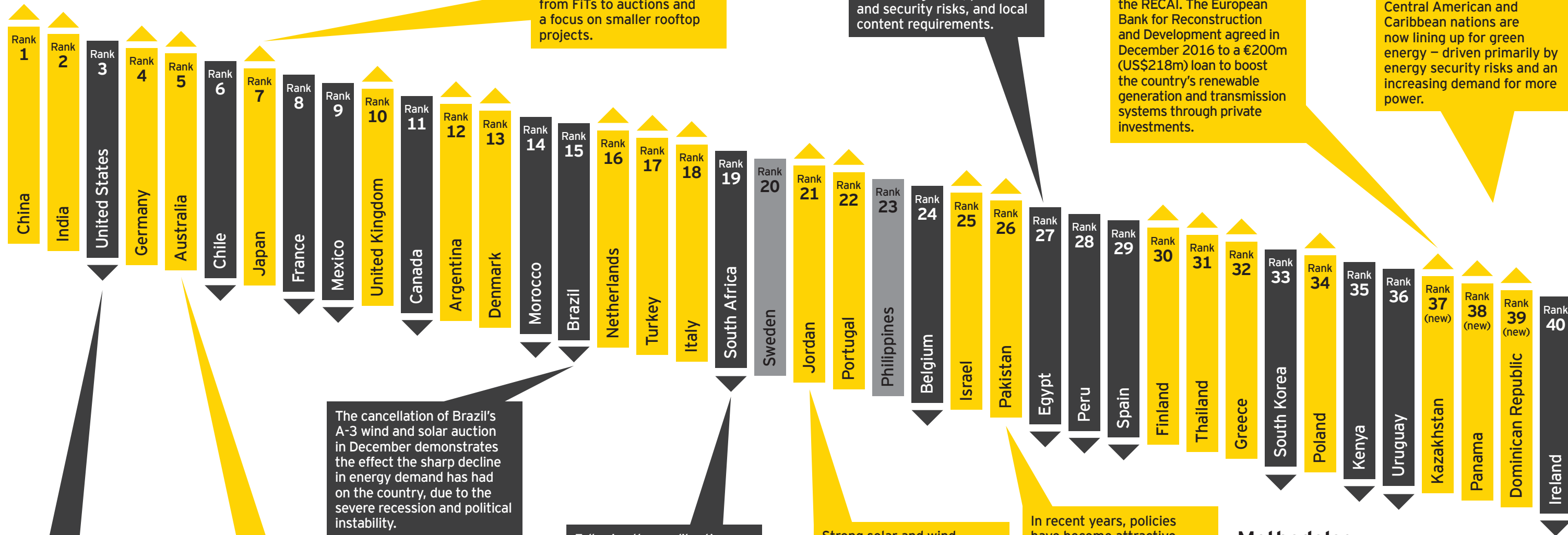


recai

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Strong levels of recent investment will be aided by the country's feed-in tariff (FIT) regime for wind being extended to 2019. Solar volumes may fall slightly following the country's move from FITs to auctions and a focus on smaller rooftop projects.

Despite FIT scheme and targets in place, investment in Egypt has slowed this year, caused by slower economic growth, political and security risks, and local content requirements.

Kazakhstan's macro fundamentals and high energy imperative have driven it into the RECAI. The European Bank for Reconstruction and Development agreed in December 2016 to a €200m (US\$218m) loan to boost the country's renewable generation and transmission systems through private investments.

Following in the footsteps of Mexico's booming renewables market, other Central American and Caribbean nations are now lining up for green energy – driven primarily by energy security risks and an increasing demand for more power.

The cancellation of Brazil's A-3 wind and solar auction in December demonstrates the effect the sharp decline in energy demand has had on the country, due to the severe recession and political instability.

Following the credit rating downgrade, uncertainty continues over whether Eskom will sign the 37 outstanding PPAs it has with renewable energy independent power producers (IPPs).

Strong solar and wind resources in the country are encouraging investment. There are plans to award 300MW by the end of this year: four solar and two wind plants, each at 50MW, helping to edge toward a 2020 target of 1,800MW.

In recent years, policies have become attractive for renewables through a successful FIT regime. There is a 3.5GW wind target in place by 2018 and large solar plants are also being constructed, though solar is now due to move to competitive auctions.

A marked shift in US policy has resulted in the demise of the Clean Power Plan, which has made renewable investors more nervous about possible reductions to the Investment Tax Credit and Production Tax Credit. Concerns also include if gas prices continue to remain low and transmission capacity remains stagnant.

After a year of record investment in renewables, with coal on the decline, the country is gearing up to maintain its renewables target but also ensure grid stability through increased storage.

Methodology
The Index has been recalibrated, with all underlying datasets fully refreshed, leading to a fair degree of movement since the October 2016 issue. To see a description of our methodology, please go to ey.com/recai.

Legend
▲ Increased attractiveness compared with previous index
▼ Decreased attractiveness compared with previous index

