

# CLIMATE INVESTMENT FUNDS

February 9, 2017

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**[APPROVAL BY MAIL]: MONGOLIA: UPSCALING RURAL RENEWABLE ENERGY- SOLAR PV  
(WORLD BANK) (SREP)- XSREM056A-**

**RESPONSE RECEIVED FROM THE WORLD BANK**

[SREP Support in the WES region]

WES is an isolated grid (interconnected to Russia but not the main Mongolian grid) which cannot easily or affordably be connected to Mongolia's Central Energy System (CES). Such an interconnection would necessitate construction of a high-voltage line over a distance of more than 400 km. The project will enable WES to reduce imports from Russia (this is the without-project situation). The main focus is therefore on energy (kWh) rather than capacity – for more detail see response to second question below.

[WTP]

We have not used WTP in the economic calculation. The power generated by the solar PV investment is assumed to serve as a one-to-one substitution of power imports from Russia. Its economic value to the country is thus equivalent to the cost of substituted imports. The PV plant is not foreseen to have a battery storage due to the higher cost per unit of power from such a configuration. In order to use sound and conservative assumptions in the economic analysis the calculations therefore does not credit the PV plant with capacity addition to the grid and WTP does not become relevant.