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## IFC's and Nafin's Support to Aura Solar paves the way for developing the solar energy sector in Mexico

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**Washington, D.C. / Mexico City, May 28, 2013--** IFC, a member of the World Bank Group, provided \$25 million in local currency (\$315 million pesos), and has led the structuring of \$50 million (\$630 million pesos) loan from Mexican development bank, Nacional Financiera, (Nafin) to support the construction of the landmark 30-megawatt Aura Solar I project, the country's first large-scale and first private solar power plant in Mexico. It is estimated that the solar potential in Mexico could reach 2,000 megawatts by 2020.

Aura Solar I has been developed by Mexican power developer Gauss Energia and is owned and controlled by the Mexican investment group Corporacion Aura Solar. The solar plant is located in the State of Baja California Sur and will deliver energy to the "Olas Altas" substation managed by the Federal Electricity Commission (CFE), Mexico's federal integrated power utility. This project is also Mexico's first power project of any generation source to be developed and project-financed under the Mexican "small producer" (*pequeno productor*) regulatory model.

The small producer model grants private power plants with a net installed capacity of up to 30 megawatts the ability to secure transmission interconnection rights with CFE, and to deliver all the generated power to CFE under a 20-year off-take agreement. Energy plants under the small producer model have variable prices and do not benefit from a power purchase agreement with a pricing floor, which makes this type of project subject to price volatility (similar to merchant power projects).

"Aura Solar I is the first plant of a larger initiative that aims to become a platform to develop more key photovoltaic solar plants in Mexico under the small production and self-supply regimes. We are thrilled to have worked with IFC and Nafin in this project, and look forward to strengthening these relationships in future projects," said Hector Olea, President and CEO of Gauss.

"Mexico has tremendous irradiation and solar power potential. IFC's financing of Aura Solar I demonstrates that utility-scale solar power is viable in Mexico and that project financing can be structured around the merchant pricing component of the "small producer" model," said Bernard Sheahan, IFC Director for Infrastructure and Natural Resources, Latin America and the Caribbean and Sub-Saharan Africa. "IFC, with its global expertise in renewable energy projects, is committed to help unlock Mexico's solar potential and to partner with other financing institutions such as Nafin to support the Government of Mexico in achieving its climate change goals."

"With Aura Solar I, Nafin had the opportunity to finance the first large-scale private solar project in Mexico with an innovative financial structure and together with IFC which is one of the most prestigious international financial institutions", said Enrique Nieto, Nafin's Head of Financing for Sustainable Projects. "This project will pave the way for many other projects in the solar field, and for other renewable energies in Mexico. It is also part of Nafin's commitment to support the financing of private-sponsored renewable energy projects which today reaches up to 1,000 megawatts in the country".

The Aura Solar I project economics are competitive on market terms and do not require government subsidies. The new solar plant will reduce the price of energy for CFE by replacing older, heavily polluting diesel plants. It is expected to generate approximately 82,000 gigawatt hours of energy per year – equivalent to the consumption of approximately 164,000 people – and will offset more than 60,000 tons of CO2 each year, making an important contribution to the reduction of greenhouse gas emissions. Financing Aura Solar I is part of IFC's strategy to promote expansion of renewable energy in Mexico. IFC has supported the long-term project finance of the first two Mexican self-supply private sector wind power projects: the 250 megawatt Eurus plant and the 67.5 megawatt La Mata-La Ventosa plant which have contributed to scaling-up private sector participation in Mexico's wind energy sector.

To-date, IFC has financed 21 solar projects in four continents with an installed capacity of more than 431 megawatts for a total financing of \$710 million, and 23 wind energy projects with an installed capacity of more than 1,862 megawatts for a total financing of \$1.2 billion.

### **About IFC**

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. In FY12, our investments reached an all-time high of more than \$20 billion, leveraging the power of the private sector to create jobs, spark innovation, and tackle the world's most pressing development challenges. For more information, visit [www.ifc.org](http://www.ifc.org)

### **About Nafin**

Nacional Financiera (Nafin), the Development Bank of Mexico, has provided financing to small and medium private enterprises for almost 80 years. Nafin's growth strategy of the past few years has allowed it to finance a greater number of companies and to support the development and financing of strategic and sustainable projects with high economic and social impact for the country. For more information, visit [www.nafinsa.com](http://www.nafinsa.com)

### **About Gauss Energía:**

Gauss is a leading business development firm specialized in Mexico's energy sector. The activities of Gauss focus in the identification, development and marketing of investment opportunities in the power sector. In particular, Gauss Energía has extensive experience in the development of renewable energies that has enabled the company to successfully participate in the structuring of more than 350 MW in renewable projects. For more information, visit [www.gauss.com.mx](http://www.gauss.com.mx)

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