



AIREC
21-23 SEPTEMBER 2016
BUENOS AIRES

INTERVIEW WITH
JUAN PABLO SALTRE
CEO VENTUS



I- For those people who aren't familiar with Ventus, what is your focus within the renewable energy sector?

Ventus is an engineering company solely dedicated to renewable energy, with a special focus on wind power. We offer services for every stage of a renewable energy project. The scope of our services are unique in that they include everything from installation and maintenance of wind masts, optimization of the production of wind turbines to full turnkey EPC services for wind farms through to high-technology tools such as LIDAR sensors.

The evolution of our wide range of services have developed as a direct result of client feedback and has been the main driver of our continued growth.

This has allowed us to take a more holistic approach and has become an important differentiating factor for us against our competitors.

An example of this would being able to factor in how a decision today will affect other critical decisions in the future all the way from construction to operation for our customers.

We started operations first in Uruguay and mostly focused on wind projects in the beginning; however over the course of the last year we have expanded geographically (Argentina, Bolivia, Colombia, Mexico and Panama) and we have moved into the solar energy space as well as energy trading on behalf of our commercial and industrial customers.

II- Ventus is becoming very active in Argentina: what are your objectives over the next three years?

Argentina currently represents 80% of our new business opportunity and the initial foundation work we have executed so far within the country has widely exceeded our expectations. We currently offer services from technical consulting, designing and executing measuring campaigns as well as promoting renewable energy projects for the private industrial sector.

Our first quarter in Argentina was mainly dedicated to meeting the key players within the industry (both current and future). Through this and our past track record in the region we feel at present we have achieved recognition as an important player in this market.

It is clear to us that the real work in Argentina has not yet started; we still need to work on many more MWs being installed on a monthly basis. For this reason, it is our objective over the next three years to extend our services (as we did in Uruguay); we hope to provide EPC turnkey solutions for wind and solar farms; to have a stake in the management of other plants, work with developers in maximising the yield of their fully functioning projects and develop further renewable energy projects ourselves by structuring private / public funds

III - Do you plan on applying your renewable energy business model in Argentina?

Ventus has successfully developed these different business models in Uruguay:

- ✓ Management Trusts: We develop, build and operate wind Farms for companies and investors, both from within the electricity sector and outside. Under this type of model, we focus on a number of projects where a company acquires a wind turbine from a wind farm which is in turn managed by a trust; this enables for smaller private investment but at the same time takes advantage of economies of scale.
- ✓ Financial Trusts: In partnership with the solicitors' firm Posadas, Posadas y Vecino, we have structured a financial trust and invested 100% of the equity on a 10MW wind project, totalling US \$19.5 million. Interestingly, we get participation from both institutional investors and also private individuals investing amounts that range from US \$20,000 up to US \$4million
- ✓ Self-generation projects: Current regulations in Uruguay outline that these type of projects have to be carried out with a single point of connection to the grid, and therefore this means that generation and consumption must occur near each other. In this model we have developed, built, and operated three wind farms for different companies and have installed wind turbines in their "backyard"..

In Uruguay, this type of project has been heavily supported by tax incentives. In Argentina, the engine to drive this type of project forward is Law 21.191, which makes renewable energy compulsory.

We believe all three business models have great potential in Argentina, and we are already working along these lines, which have so far been well received in the sector.

IV - What is the biggest challenge you expect within the wind sector in Argentina?

It is difficult to identify a single big challenge, as realistically there will be many. The first one will undoubtedly be to ensure this industry takes hold and takes off. I am thinking of the tendering project within the RenovAr programme as the kick-off point, so you could argue that the first big challenge is to make sure this process is successful and that it leads to bankable PPAs in the near future.

However, there will be other challenges in the future, which reminds me of the situation in Uruguay in 2010. I can see challenges being around financing large projects, challenges in development with regards to achieving "ready to build" projects, environmental impact challenges, logistical challenges, challenges for SADI's operator, regulation challenges, amongst others.

V - Tender processes are coming up: how are you working towards this and what are your expectations?

True, the first Argentinian government tender is coming up, and we are working on providing technical advice for those companies that will take part in it. We aim to help these companies perform at their best and put in the most competitive bid possible. We work alongside them in various aspects, from engineering to negotiating with wind turbine manufacturers; also on the analysis of financial models and risk assessment for their projects.

We expect quite a few bids will go over the MWs that are being tendered. As for prices, my personal impression is that the low prices obtained recently in the region (e.g. US \$40/MWh) will not be achieved here, but rather we will see prices nearer US \$75/MWh. Although the tender process still requires some more definition and regulation, I think it will be a successful one.

My conclusion therefore, is I imagine more MWs will be awarded than are actually being tendered, since many will be willing to match the lowest price. This, in addition to the forecasted level of private contracts, makes me think we won't need many more tender processes to achieve the objectives set by law.

VI- How do you see the Argentinian market evolving in the next 5 years?

I see the market becoming dynamic and maturing over the next 5 years. I predict no less than 3.5GW will be in operation, and many more being built. Many projects will be coming out of the warranty period and the industry will develop independent of maintenance. I imagine most of the new projects will be based on private contracts or built by energy-users themselves. I see future discussions on how to adapt the legal framework to go with large-scale renewable energy.

I can see in the future a regionally integrated market, where energy exports and imports between the private players (from Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay) will be commonplace.

VII- Ventus is the Lead sponsor of AIREC 2016. What are your objectives for this congress and who do you wish to meet this year?

Our objective for AIREC 2016 is to build on our desire to be a fundamental player in the energy sector in Argentina from all the points of view I mentioned previously. We see that Argentina is the right market and the right time for us to build growth for our company.

Our big hope is to meet all the key players in the industry so we can explore and develop future business opportunities with them. We also hope during AIREC to meet with current and future decision makers from within the renewable energy sector in Argentina

HEAR MORE FROM JUAN PABLO SALTRE

AT AIREC IN SEPTEMBER 2016.

FIND OUT MORE ABOUT SESSIONS IN OUR BROCHURE.



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