Postgraduate Certificate in International Energy Law

Energy Investment and Finance

Accredited Investor – a person or entity that meets regulatory wealth or income thresholds, allowing participation in private placements of energy projects. Related terms: qualified investor, private placement, securities regulation. In many jurisdictions, an accredited investor can directly fund a renewable-energy venture without the extensive disclosure required for public offerings. For example, a sovereign wealth fund with assets exceeding $100 million may invest in a offshore wind farm through a limited partnership. The main challenge is the rigorous verification process and the heightened fiduciary duties investors owe to limited partners, especially when project risks are amplified by regulatory uncertainty.

Adverse Impact Assessment (AIA) – a systematic study of the potential negative environmental, social, and economic effects of an energy investment. Related terms: environmental impact assessment, social impact assessment, risk mitigation. An AIA is often required under international financing standards such as the IFC Performance Standards. A practical application is the assessment of a coal-to-gas conversion plant in a developing country, where the study identifies increased water usage as a key risk. Challenges include data scarcity, the need for interdisciplinary expertise, and reconciling divergent stakeholder expectations.

Agency Financing – the provision of capital by multilateral development banks or export credit agencies to support energy projects that align with policy objectives. Related terms: multilateral development bank, export credit agency, concessional loan. An agency may offer a low-interest loan for a solar-park in a low-income country, thereby lowering the cost of capital and making the project bankable. However, agency financing often entails stringent compliance monitoring, reporting obligations, and the risk of “political” conditionality that can affect project timelines.

Asset-Backed Securities (ABS) – financial instruments backed by a pool of energy-related assets, such as power purchase agreements (PPAs) or lease payments on equipment. Related terms: securitisation, tranche, credit enhancement. By packaging future cash flows from a wind-farm’s PPAs into ABS, developers can tap capital markets and diversify funding sources. The practical benefit is the rapid mobilisation of funds, but challenges include the complexity of structuring, the need for high-quality underlying contracts, and sensitivity to regulatory changes that may affect cash-flow predictability.

Bankability – the degree to which a project can attract financing on commercially reasonable terms, reflecting risk allocation, revenue certainty, and legal robustness. Related terms: feasibility study, risk allocation, financing structure. A bankable solar-project will have a long-term PPA with a credit-worthy off-taker, clear land titles, and comprehensive insurance. Developers often conduct a “bankability audit” to identify gaps before approaching lenders. The principal challenge is that perceived bankability can vary across jurisdictions, especially where legal frameworks for renewable energy are still evolving.

Bilateral Investment Treaty (BIT) – an agreement between two states that protects investors from one country investing in the other, typically including provisions on fair and equitable treatment, protection against expropriation, and dispute settlement. Related terms: investment protection, treaty arbitration,

most-favoured-nation clause. A BIT may enable a European utility to seek compensation if a host government revokes its licence for an offshore wind project. While BITs provide confidence to foreign investors, they can also limit policy space for governments, creating tension between sovereign energy transitions and treaty obligations.

Carbon Finance – financial mechanisms that generate revenue from the reduction or avoidance of greenhouse-gas emissions, including carbon credits, emissions trading, and climate-linked bonds. Related terms: cap-and-trade, REDD+, climate finance. An example is the issuance of Certified Emission Reductions (CERs) for a hydro-electric plant, which can be sold on the compliance market to entities needing to meet their caps. Challenges include price volatility in carbon markets, the risk of "double counting," and the need for robust verification to satisfy buyers and regulators.

Capital Structure – the mix of debt, equity, and mezzanine financing that funds an energy project. Related terms: senior debt, subordinated debt, equity tranche. A typical capital structure for a utility-scale solar farm may consist of 70 % senior debt, 20 % equity, and 10 % mezzanine financing. The structure influences risk allocation: debt holders have priority claim on cash flows, while equity bears residual risk. Designing an optimal capital structure is challenging due to fluctuating interest rates, regulatory risk, and the need to balance investor return expectations with project affordability.

Climate-Related Financial Disclosure (CRFD) – reporting standards that require investors and issuers to disclose climate risks and opportunities, such as the Task Force on Climate-Related Financial Disclosures (TCFD) framework. Related terms: ESG reporting, risk exposure, scenario analysis. A renewable-energy developer may disclose its exposure to policy shifts, such as the introduction of carbon pricing, and how it plans to mitigate those risks. The practical benefit is enhanced transparency for lenders, yet challenges arise from the lack of standardised metrics and the need for sophisticated modelling capabilities.

Collateralised Debt Obligation (CDO) – a structured financial product that pools various debt instruments, including energy-project loans, and redistributes the cash flows to different tranches with varying risk profiles. Related terms: structured finance, tranche rating, credit default swap. A CDO may be created by bundling loans to multiple geothermal projects, offering senior tranche investors a higher credit rating. While CDOs can increase liquidity, they also introduce complexity, potential for mis-pricing, and heightened systemic risk if underlying projects underperform.

Concession Agreement – a contract whereby a government grants a private party the right to develop, operate, and maintain an energy asset for a defined period, often in exchange for payments or revenue sharing. Related terms: build-operate-transfer, public-private partnership, tariff. For instance, a 30-year concession for a hydro-electric plant may stipulate that the operator pays a fixed royalty to the state while retaining electricity sales revenue. The main challenges involve negotiating fair revenue shares, ensuring compliance with environmental standards, and handling the re-negotiation risk at the end of the concession term.

Corporate Social Responsibility (CSR) in Energy Finance – voluntary actions by companies to address social and environmental concerns associated with their investments. Related terms: stakeholder engagement, sustainability reporting, community development. An oil-and-gas firm may implement a CSR programme

that funds local schools near a drilling site, thereby mitigating community opposition. While CSR can improve a project's social licence, it may also raise expectations for long-term commitments and expose firms to reputational risk if initiatives are perceived as tokenistic.

Credit Enhancement – techniques used to improve the creditworthiness of a financing transaction, such as guarantees, insurance, or reserve accounts. Related terms: guarantee, surety bond, liquidity reserve. A project developer may obtain a partial risk guarantee from a multilateral agency, which raises the senior debt's rating and reduces borrowing costs. The practical advantage is cheaper financing, yet reliance on credit enhancement can mask underlying project risks and may increase transaction costs.

Debt Service Reserve Account (DSRA) – a cash reserve set aside to cover debt service payments in case of cash-flow shortfalls. Related terms: reserve fund, liquidity buffer, covenant. A wind-farm with a 20-year loan may be required to maintain a DSRA equal to six months of debt service. This provides lenders with confidence that temporary revenue disruptions will not trigger default. Challenges include tying up capital that could otherwise be used for further investment and negotiating the size of the reserve with financiers.

Derivatives Hedging – the use of financial contracts such as futures, options, or swaps to manage price risk associated with energy production or consumption. Related terms: price risk, commodity swap, basis risk. A solar-project developer may enter a long-term PPA and hedge the electricity price exposure with a swap that locks in a fixed price, protecting against market volatility. Hedging can stabilise cash flows, but it introduces counter-party risk and may require sophisticated risk-management systems.

Development Finance Institution (DFI) – a specialized bank that provides financing and technical assistance to promote sustainable development, often with a focus on emerging markets. Related terms: multilateral development bank, concessional finance, risk mitigation. The International Finance Corporation (IFC) frequently co-finances renewable-energy projects, offering both equity and debt, and may also provide political risk insurance. While DFIs can unlock capital, they may impose strict environmental and social safeguards that increase project preparation time.

Direct Investment – the acquisition of ownership stakes in energy assets without intermediary financial structures. Related terms: equity investment, joint venture, greenfield project. A pension fund may directly purchase a 25 % share in a offshore wind farm, gaining both control and exposure to the asset's cash flows. Direct investment provides greater upside potential but also concentrates risk, and investors must possess deep sector expertise and robust governance frameworks.

Divestment – the withdrawal of capital from an energy asset or sector, often driven by ESG considerations or regulatory pressure. Related terms: asset sale, ESG screening, climate transition. A sovereign wealth fund may divest from coal-fired power plants, reallocating capital to solar projects. While divestment can improve a portfolio's climate alignment, it may also lead to short-term financial loss and requires careful timing to avoid market disruption.

Energy Transition Finance – capital allocated to support the shift from fossil-based to low-carbon energy systems, encompassing renewable generation, grid upgrades, and storage. Related terms: decarbonisation, green bond, climate-aligned investment. Green bonds issued by a utility to fund battery storage illustrate

this concept, providing investors with a transparent, climate-positive asset class. Challenges include ensuring additionality, avoiding “green-washing,” and aligning financing with credible transition pathways.

Equity Risk Premium (ERP) – the excess return that investors require for holding equity in an energy project relative to a risk-free asset. Related terms: cost of equity, discount rate, market risk. For a high-risk shale-gas venture, the ERP may be 8–10 %, reflecting operational and regulatory uncertainties. Accurate estimation of ERP is essential for project valuation, yet it is difficult to calibrate due to limited comparable data and the influence of macro-economic cycles.

Export Credit Agency (ECA) – a government-owned institution that provides financing, insurance, or guarantees to support national exporters of energy equipment and services. Related terms: political risk insurance, export financing, sovereign guarantee. The U.S. Export-Import Bank may underwrite a loan for a turbine manufacturer exporting to a developing-country wind project, thereby reducing the developer’s financing costs. ECAs enhance market access, but they may also be subject to political directives that affect pricing and eligibility criteria.

Feed-in Tariff (FiT) – a policy mechanism that guarantees a fixed price for electricity generated from renewable sources, typically for a defined period. Related terms: renewable support scheme, contract-for-difference, price guarantee. Germany’s early FiT programme offered €0.30/kWh for solar, stimulating rapid capacity growth. However, FiTs can create fiscal burdens if set too high, and may be politically vulnerable to rate adjustments, affecting project bankability.

Financing Gap – the shortfall between the total capital required for an energy transition and the amount of financing currently available. Related terms: investment need, capital shortfall, mobilising finance. The International Energy Agency estimates a $2 trillion annual financing gap for global renewable deployment. Bridging this gap requires innovative instruments such as blended finance, climate-linked bonds, and sovereign guarantee schemes. The primary challenge is aligning the risk appetite of private capital with the long-term nature of energy infrastructure.

Force Majeure – a contractual clause that frees parties from liability or performance obligations when extraordinary events beyond their control occur. Related terms: contract clause, event of default, contingency. In a PPA, a force-majeure event like a hurricane may excuse the generator from delivering electricity without penalty. While protective for both parties, over-broad force-majeure provisions can create uncertainty for lenders, who may view them as a hidden source of credit risk.

Green Bond – a debt instrument where proceeds are earmarked for projects with environmental benefits, such as renewable-energy installations. Related terms: sustainability bond, climate bond, earmarked financing. An issuer may raise €500 million via a green bond to fund a portfolio of solar farms, with third-party verification ensuring alignment with the Green Bond Principles. The benefits include access to a growing investor base and potential pricing advantages; challenges involve rigorous reporting, monitoring, and the risk of green-washing accusations.

Guarantee – a commitment by a third party, often a multilateral agency or sovereign entity, to cover losses if a borrower defaults. Related terms: partial risk guarantee, credit enhancement, sovereign guarantee. A

partial risk guarantee for a geothermal project may cover 30 % of the debt, making lenders more comfortable with the country risk profile. Guarantees can lower financing costs, but they may also create moral hazard if borrowers rely excessively on external protection rather than robust project design.

Hybrid Financing – the combination of multiple financing sources, such as debt, equity, mezzanine, and grant, to optimise risk-return profiles. Related terms: blended finance, capital stack, risk sharing. A hybrid model for a battery-storage project might involve senior debt from a commercial bank, mezzanine capital from a private equity fund, and a grant from a climate-finance programme. This structure can make high-risk projects viable, but it requires careful coordination among diverse investors and clear allocation of rights and responsibilities.

Infrastructure Debt – long-term loans specifically targeted at funding large-scale infrastructure, including energy generation and transmission assets. Related terms: project finance, senior loan, amortisation. Institutional investors such as pension funds often allocate a portion of their portfolio to infrastructure debt because of its stable, inflation-linked returns. The practical advantage is predictable cash flow, yet challenges include the need for sovereign or contractual guarantees to mitigate political and regulatory risk.

International Renewable Energy Agency (IRENA) – an intergovernmental organisation that promotes the adoption and sustainable use of renewable energy worldwide. Related terms: policy advisory, capacity building, data repository. IRENA publishes market analyses that investors use to assess country-level renewable potential, influencing financing decisions. While IRENA provides valuable guidance, its recommendations are non-binding, and implementation depends on national policy environments, which can be inconsistent.

Investment-Grade Rating – a credit rating indicating that a debt instrument has a low risk of default, typically BBB- or higher by Standard & Poor's or Baa3- or higher by Moody's. Related terms: credit rating, sovereign rating, risk assessment. An investment-grade rating for a solar-project loan can unlock access to institutional investors and lower interest rates. Achieving such a rating often requires meeting stringent criteria on cash-flow predictability, legal certainty, and off-taker creditworthiness, posing a barrier for projects in emerging markets.

Joint Venture (JV) – a contractual arrangement where two or more parties combine resources to develop, own, and operate an energy asset, sharing profits and losses. Related terms: partnership agreement, equity contribution, governance. A JV between a local utility and an international EPC contractor may be formed to build a hydro-electric plant, with the local partner providing land and permits while the EPC brings technical expertise. The main challenges involve aligning strategic objectives, managing cultural differences, and establishing clear dispute-resolution mechanisms.

Legal Due Diligence – a comprehensive review of legal documents, contracts, permits, and regulatory compliance to identify risks before financing an energy project. Related terms: contract audit, title verification, regulatory compliance. For a offshore wind farm, legal due diligence would examine seabed leasing rights, environmental licences, and power purchase agreements. Findings may necessitate renegotiations or additional security, and failure to conduct thorough due diligence can lead to costly litigation or project delays.

Leverage Ratio – the proportion of debt relative to equity in a project's capital structure, often expressed as debt-to-equity (D/E) or debt-to-total-capital. Related terms: financial gearing, capital efficiency, risk profile. A typical leverage ratio for a utility-scale solar project may be 70 % debt to 30 % equity, balancing tax-shield benefits against debt service obligations. Excessive leverage can magnify financial risk, especially under volatile electricity prices, while too little debt may render the project financially inefficient.

Liquidity Risk – the risk that an investor cannot convert an asset into cash without significant loss of value, or that a project cannot meet short-term cash-flow requirements. Related terms: cash-flow mismatch, refinancing risk, market depth. In the context of an energy-project bond, liquidity risk may arise if secondary-market trading is thin, leading to price discounts for early sellers. Mitigation strategies include maintaining a DSRA, securing long-term PPAs, and structuring bonds with standard covenants to attract a broader investor base.

Macroeconomic Risk – the exposure of an energy investment to country-wide economic variables such as inflation, exchange rates, and GDP growth. Related terms: sovereign risk, currency risk, fiscal policy. A foreign investor in a Latin-American gas-processing plant must consider potential devaluation of the local currency, which could erode debt-service capacity. Hedging instruments, local-currency financing, and sovereign guarantees are common mitigation tools, yet they increase transaction complexity and cost.

Mezzanine Financing – a hybrid form of capital that sits between senior debt and equity, often unsecured and bearing higher interest rates or equity-like upside (e.g., warrants). Related terms: subordinated debt, preferred equity, covenant. A wind-farm developer may use mezzanine financing to bridge a funding gap after senior debt commitments are secured, accepting a 12 % coupon and a small equity kicker. Mezzanine capital accelerates project completion but adds to overall cost of capital and may dilute equity holders.

Multilateral Development Bank (MDB) – an international financial institution owned by multiple governments that provides loans, guarantees, and technical assistance for development projects, including energy infrastructure. Related terms: World Bank, Asian Development Bank, concessional lending. MDBs often set environmental and social standards that exceed local requirements, thereby raising project quality. Their involvement can attract commercial lenders, yet the lengthy approval processes and stringent safeguards may delay project execution.

Net-Zero Investment – capital allocation that aligns with the goal of achieving net-zero greenhouse-gas emissions by a target year, typically 2050. Related terms: climate-aligned portfolio, decarbonisation pathway, ESG integration. A sovereign fund may commit to phasing out coal-related assets and reallocating capital to offshore wind, ensuring that new investments are compatible with net-zero pathways. The challenge lies in defining clear interim targets, measuring emissions footprints, and managing transition risk for existing high-carbon holdings.

Off-take Agreement – a contract whereby a buyer commits to purchase a predetermined volume of electricity from a generator, providing revenue certainty. Related terms: power purchase agreement, offtake contract, counterparty credit. A utility may sign a 20-year offtake agreement with a solar-project developer, guaranteeing a fixed price per megawatt-hour. This arrangement is crucial for securing project finance, but the risk of off-taker default necessitates credit enhancements such as guarantees or escrow accounts.

Operating Lease – a financing arrangement where the lessor retains ownership of equipment (e.g., turbines) and the lessee pays periodic rentals, often used to circumvent upfront capital outlays. Related terms: lease financing, tax shield, asset ownership. An energy company might acquire a battery storage system through an operating lease, preserving cash for other projects while benefiting from tax deductions on lease payments. However, lease terms may limit flexibility in technology upgrades and can involve higher total cost over the asset's life.

Policy Risk – the uncertainty surrounding future government actions that could affect the profitability of an energy investment, such as changes in subsidies, tariffs, or permitting processes. Related terms: regulatory risk, political risk, legislative uncertainty. Investors in a coal-to-gas conversion plant may face policy risk if a future administration imposes stricter emissions standards, potentially rendering the project uneconomic. Mitigation tools include long-term contracts, political risk insurance, and diversification across jurisdictions.

Power Purchase Agreement (PPA) – a legally binding contract between an electricity generator and an off-taker that specifies the price, volume, and duration of electricity sales. Related terms: offtake contract, price indexation, contractual risk. A corporate PPA for a solar farm can lock in a fixed price for the next ten years, providing revenue predictability for the developer and a hedge against market price volatility for the buyer. Negotiating PPAs involves complex considerations of credit risk, force-majeure clauses, and termination rights.

Project Finance – a financing technique where repayment depends primarily on the cash flows generated by the project, rather than on the sponsors' balance sheets. Related terms: non-recourse financing, financial closure, debt service coverage ratio. A typical project-finance transaction for a geothermal plant includes senior lenders, equity investors, and often a DSRA. The structure isolates sponsor risk, but it requires rigorous feasibility studies, robust contracts, and often extensive security packages.

Public-Private Partnership (PPP) – a collaborative arrangement where the public sector and private entities share responsibilities, risks, and rewards in delivering energy infrastructure. Related terms: BOT, DBFO, concession. A PPP for a transmission line may involve a private concessionaire building, operating, and maintaining the asset for 25 years, after which ownership reverts to the state. PPPs can leverage private-sector efficiency, yet they demand transparent procurement, clear risk allocation, and strong governmental capacity to enforce contracts.

Qualified Institutional Buyer (QIB) – a classification of institutional investors that meet specific asset thresholds, enabling them to purchase securities not registered with securities regulators. Related terms: accredited investor, private placement, securities exemption. Green bonds issued under Rule 144A in the United States are typically sold to QIBs, allowing issuers to bypass full registration. While this speeds up capital raising, it limits the investor pool and may raise concerns about market liquidity.

Rate of Return (RoR) – the percentage gain or loss on an investment over a specified period, often used to evaluate the attractiveness of an energy project. Related terms: internal rate of return, net present value, profitability index. A solar-project developer may target an IRR of 12 % to satisfy equity investors, balancing risk and reward. Calculating RoR requires accurate cash-flow forecasting, and sensitivities to input assumptions (e.g., capacity factor, fuel price) can dramatically alter outcomes.

Regulatory Asset Base (RAB) – a valuation methodology used by regulators to determine the allowable return on capital invested in regulated utilities, influencing financing conditions. Related terms: cost-of-service regulation, tariff setting, capital recovery. In the UK, the RAB model sets the revenue a utility can collect to recover its investment in transmission assets, providing a predictable cash stream for lenders. The challenge lies in ensuring the RAB reflects true cost efficiencies while avoiding over-investment incentives.

Risk-Adjusted Discount Rate (RADR) – the discount rate applied to future cash flows that incorporates both the time value of money and project-specific risk factors. Related terms: cost of capital, hurdle rate, risk premium. A higher RADR reduces the present value of a project's cash flows, potentially rendering a marginally profitable venture unattractive. Determining an appropriate RADR requires a thorough risk assessment, benchmarking against comparable projects, and consideration of country-specific risk premiums.

Securitisation – the process of pooling financial assets (e.g., future electricity sales) and issuing tradable securities backed by those assets. Related terms: asset-backed securities, tranche, credit rating. A renewable-energy developer may securitise future PPA payments, issuing senior notes to investors and using any residual cash flow for equity returns. Securitisation can broaden investor access and lower financing costs, but it introduces complexity, requires rigorous cash-flow modelling, and may be sensitive to changes in regulatory frameworks.

Solar Investment Tax Credit (ITC) – a federal tax incentive that allows investors to deduct a percentage of solar-project costs from their tax liability. Related terms: tax credit, depreciation, fiscal incentive. In the United States, the ITC has been set at 30 % for projects commencing construction before a specified deadline, significantly improving project economics. The credit's phase-down schedule creates timing pressure, and eligibility criteria can be complex, requiring careful tax planning.

Structured Finance – a broad category of complex financing arrangements that repackage cash flows from multiple assets into new securities. Related terms: CDO, securitisation, tranching. Energy projects often employ structured finance to tap capital markets, creating senior and junior tranches that cater to different risk appetites. While this can enhance liquidity, it also demands sophisticated legal documentation, robust data monitoring, and may expose investors to contagion risk if underlying assets underperform.

Supply-Side Risk – the uncertainty related to the availability, cost, and reliability of inputs required for energy production, such as fuel, water, or raw materials. Related terms: input price volatility, resource availability, operational risk. A biomass plant may face supply-side risk if the price of wood pellets spikes due to competing demand. Mitigation strategies include long-term supply contracts, inventory buffers, and diversification of feedstock sources, though these can increase upfront costs.

Sustainable Development Goal (SDG) Alignment – the practice of ensuring that energy investments contribute to United Nations SDGs, particularly Goal 7 (affordable and clean energy) and Goal 13 (climate action). Related terms: ESG integration, impact investing, development objectives. A green-bond issuance may be labelled "SDG-aligned" if proceeds are allocated to projects that demonstrably advance these goals, with third-party verification. Aligning with SDGs can attract impact-focused investors, yet it requires

transparent reporting and may involve additional compliance burdens.

Swap Spread – the difference between the fixed rate on a swap and the yield on a comparable government bond, reflecting credit and liquidity risk. Related terms: interest rate swap, basis risk, credit spread. In financing a wind farm, developers may enter a swap to convert floating-rate debt into a fixed-rate obligation, paying a spread over the risk-free rate. Accurate pricing of swap spreads is critical for cost estimation, but market volatility can cause spreads to widen unexpectedly, increasing financing costs.

Tax Equity Financing – a structure where investors provide capital in exchange for tax benefits (e.g., credits, accelerated depreciation) generated by a renewable-energy project. Related terms: partnership flip, investment tax credit, depreciation schedule. In the United States, a tax equity investor may acquire a 49 % interest in a solar farm, claiming the ITC and bonus depreciation, then “flip” to a smaller share once tax benefits are exhausted. This arrangement aligns investor tax appetite with project funding needs, but it adds layers of contractual complexity and requires careful timing of tax credit utilisation.

Transition Risk – the financial risk associated with the shift to a low-carbon economy, including asset stranding, policy changes, and market-based adjustments. Related terms: climate risk, regulatory shift, technology displacement. An investor holding coal-fired power plant assets may experience asset-value decline as jurisdictions tighten emissions standards, illustrating transition risk. Managing this risk involves scenario analysis, portfolio diversification, and engagement with policymakers to anticipate regulatory trajectories.

Underwriting – the process by which a financial institution assesses, assumes, and possibly guarantees the risk of issuing securities or providing loans for an energy project. Related terms: risk assessment, syndication, pricing. An underwriting bank for a green bond will evaluate the project’s environmental credentials, credit risk, and market demand, setting the coupon accordingly. While underwriting provides market confidence, it also concentrates risk on the lead underwriter and may limit the issuance size if the bank’s risk appetite is constrained.

Utility-Scale Renewable Project – a large-capacity generation asset (typically > 10 MW) that feeds electricity directly into the transmission grid, as opposed to distributed generation. Related terms: grid-connected, large-scale, power purchase agreement. Utility-scale solar farms benefit from economies of scale, attracting lower-cost financing compared with smaller installations. However, they often require extensive land acquisition, complex permitting, and robust transmission infrastructure, presenting significant regulatory and community-engagement challenges.

Value-Added Tax (VAT) Recovery – the process of reclaiming VAT paid on project-related expenditures, which can improve cash-flow projections. Related terms: tax refund, input tax credit, fiscal incentive. In many jurisdictions, developers of renewable-energy infrastructure can recover VAT on equipment purchases, reducing overall project cost. Effective VAT recovery requires meticulous documentation and compliance with local tax authority procedures; failure to reclaim can erode profitability.

Yield-Cos – a type of special-purpose vehicle that holds operating energy assets and distributes cash flows to shareholders, often structured to provide stable, long-term yields. Related terms: income trust, dividend,

asset-backed security. A yield-co may own a portfolio of wind farms and pay a regular dividend funded by PPA revenues. Investors seeking predictable returns are attracted to yield-cos, but they can be exposed to regulatory changes that affect tariffs or renewable-energy incentives, potentially compressing yields.