

Solaris Bets on the Future of Renewables – with Gas

by Lore Lawrence

When Solaris TTP invested \$350 million in Ecuador's Renovar, a 1,350 MW liquified-natural-gas-to-power plant located near the city of Compañía Mundial de Gas Nueva Loja, it was betting on more than just a good return. It was investing in the future of renewables in Latin America and around the world.

LNG is a cleaner energy alternative to coal and diesel fuel, which are leading contributors to carbon emissions and climate change. It can be bought on the spot market and quickly and easily transported when the need arises. For Nueva Loja, the gas-fueled CMG 1 plant provides a more environmentally-friendly alternative to fossil fuels during times of draught. The CMG 1 plant can be turned on when needed.

As the world aspires to renewables, creative solutions are essential. And those solutions include LNG.

Gas is an important transition fuel, says Kari Lovell, the energy specialist on the project. Lovell believes that as a cleaner fuel, LNG can buy time for other parts of the world, such as Africa and Asia, that are heavily dependent on coal to switch to renewables such as hydro, solar, and wind. Given that 80 percent of the world's population will be in Africa and Asia by 2050, the need to switch to renewables becomes even more urgent.

Global energy use is increasing. Today the world consumes 500 quadrillion British Thermal Units (BTUs) of energy. By 2050, world consumption is expected to be 800 quadrillion BTUs – an increase of 300 quadrillion. Seventy percent of that increased consumption will be from Asia.

That's significant, especially since many Asian countries have 10-year energy plans that rely mostly on coal. Renewables alone, says Lovell, are not going to be able to displace coal. Because renewables mostly require land and Southeast Asia consists of many islands, there needs to be a strategic alliance between renewables and flexible gas until the technology catches up.

And CMG and the other Latin American LNG plants are also setting examples in terms of financing when it comes to replicable projects. The project has three different sponsors – Regierung, Staedtoel, and a local partner, Calarbol. Each are financing different aspects of the project, which means three different corporate cultures have had to find a way to work together to get the project completed, says Senior Associate Steve Meld.

It is a testament to Solaris's standing in the project that these three companies began working on the ground before the first disbursement was made. The company's reputation will allow it to carry on LNG to renewables work in the areas where it is needed most.