**Ecuador**  
Lessons Learned Case Study

**The Project**  
- San Cristóbal – Galápagos 2.4-MW wind power project, complemented by solar photovoltaic (PV) systems and training  
- First large-scale wind project in the Galapagos  
- Built on a UNESCO World Heritage site, complementing the United Nations Development Programme (UNDP) renewable energy program for the Galapagos Islands  
- Supplies an average of 40% of the island’s electricity needs

**Public-Private Participants**  
**Public Sector:**  
- The Ministry of Electricity and Renewable Energy of the Republic of Ecuador  
- Elegalapagos EP, the government-owned electricity utility for the Galápagos islands

**Private Sector:**  
- Eólica San Cristóbal S.A. – EOLICSA: the owner and operator of the San Cristóbal Wind Power Project  
- The company is owned by the San Cristóbal Wind Project Commercial Trust: American Electric Power (U.S. utility) and RWE (German utility) are the “Settlers” and Elegalapagos EP is the Adherent and the Beneficiary. AEP and RWE are members of the e8.

**LESSONS LEARNED**

**Energy Policies**  
- Some policies on tariffs as subsidies for renewable energy, permitting and environmental issues had to be reviewed to facilitate project development.  
- Public agencies were open to cooperate with private initiatives for the development of the project, particularly because of the importance of the Galápagos Islands as a World Nature Area.  
- Rural Electrification Fund (FERUM Fund) rules were modified to permit financing of renewable energy projects.

**Financing**  
- Funds from the e8 companies with complementary financial support from United Nations Foundation (UNF) were provided as grants.  
- A commercial trust was structured to administer and manage the project funds. A private Ecuadorian financial agency was designated as the Trustee.  
- The Ecuadorian government contributed with financial resources from the FERUM Fund.  
- Ecuadorian law allowed the project to receive a percentage of income tax as voluntary donations from Ecuadorian taxpayers.  
- Interests earned by funds were also a component of the financial structure.  
- A small financial gap was filled with a short-term loan provided with UNF funds through UNDP.

**Replicability**  
- The Ecuadorian Government with UNDP support is replicating the project on nearby Baltra-Santa Cruz Island.

**Long-term policy framework**  
- The success of the San Cristóbal Project has encouraged the Ecuadorian Government to move rapidly in the direction of “zero fossil fuels” for the Galapagos by 2015.

**Research and Development**  
- Some of the new projects could be implemented within a R&D framework such as flywheels, mini hydro pump storage, hybrid control systems and geothermal.  
- Local private universities together with international and local NGOs could be interested in developing R&D programs in emerging clean technologies.

**Conclusions**  
- Public-private partnership is the unique valid scheme for the development of energy programs in the Galapagos Islands.  
- Because of islands’ conditions and the government’s limited resources, it is very hard (or impossible) to conduct a private participation on profitable basis; but, at least self-sustainability for operation and maintenance through adequate tariffs to users must be implemented.  
- Public participation shall always be needed through a co-financing scheme, and by means of strong supports in all the development phases, like permitting, environmental assessments, importation procedures, taxes policies, tariffs regulations, etc.  
- Key to the project’s success was the cooperative work between developers with public agencies and the regulator.  
- Strong involvement by the local project manager in all phases of the project contributed to success.

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