

Lack of Sun Cover

Risk Solutions

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The sun always shines on smartly risk-managed solar projects.

Scientists predict that the sun will provide future generations on earth with vast amounts of energy. It will shine powerfully and constantly for millions or even billions of years to come. But here on earth the sun is by no means such a reliable source of constant power. Besides astronomical cycles due to the earth's orbit, rotation and tilt of axis, which are well understood and hence computable, aerosols and atmospheric processes such as clouds and air moisture can cause local variations in irradiation of well above 10% of the expected value.

In fact, in the first quarter of 2013 throughout Europe it has been around 20% below the historical average, equivalent to a substantial reduction in electricity produced.

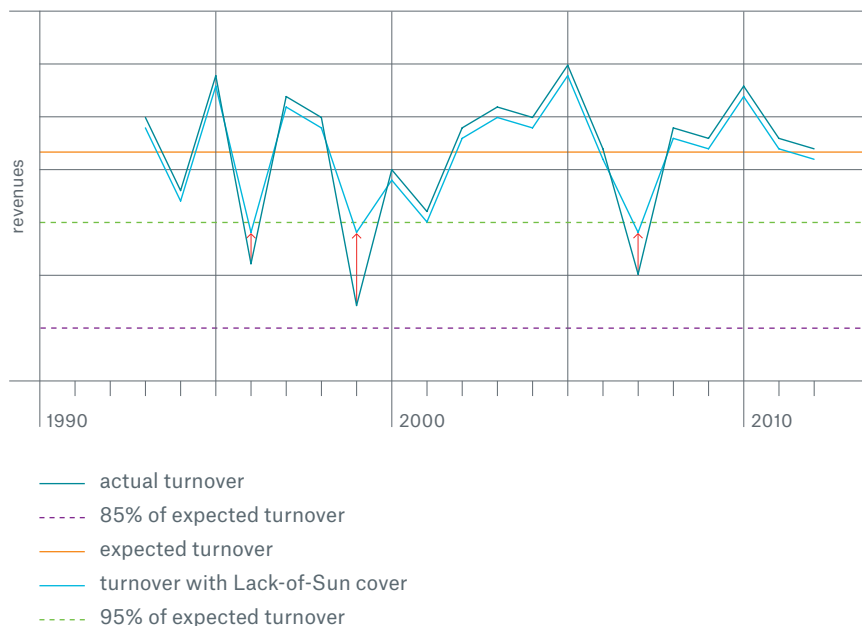
Maintain profits even in very dim years

Are you sure that the key figures of your solar business will still shine brightly if this happens at the location of your PV or CSP plant? At a time when subsidies for green power generation are being cut back in many countries and solar investments therefore struggle to deliver returns necessary to attract new capital, such volatility and uncertainty might discourage potential investors. But this need not necessarily be an obstacle for your project. With Munich Re's smart risk transfer solutions, you can ease the financial pain caused by output volatility due to weather. Smoothing revenues with our "Lack of Sun" covers is an essential component of state-of-the-art project risk management.

Innovative business needs flexible solutions

Clients can either choose to structure a tailor-made solution for their individual risk profile with our team of highly experienced weather risk experts or set the parameters for an off-the-shelf product. This assumes the dependence between irradiation and power production to be linear on a yearly basis and, for instance, safeguards a level of 95% (strike) of the expected annual output. The sole variable to determine a loss is the aggregated annual irradiation measured by an independent weather data provider. All other parameters such as performance factor and feed-in tariff are fixed in the policy so that every kWh/m² below strike level in irradiation is equivalent to an additional payout of x (tick size) up to a pre-agreed limit.

Example for protection of turnover in a 95% to 85% corridor



Instead of paying a fixed-option premium to elevate your revenues up to a comfort level in years with very low irradiation yields, a swap or collar structure may be also a viable way. In this case the downside shield is funded by a share of the excess income in very bright years.

Take advantage of our long-standing involvement in weather-related coverage

Munich Re's commitment to support eco-friendly technologies coupled with excellent financial standing enable additional contract features such as multi-year term and substantial capacity. You want to learn more about the wide range of product design? Get in touch with. Our team of highly experienced specialists look forward to helping you with the suitable weather risk management solutions for your green business.

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