



Ariel Green

**TECHNOLOGY
PERFORMANCE INSURANCE**

Waste-to- Energy



CONTEXT AND OBJECTIVE

Waste plastic is global challenge that has polluted waterways and oceans. Advanced economies, like South Korea, are addressing this challenge with Extended Producer Responsibility (EPR) where the makers and importers of plastic packaging pay into a fund that compensates firms that dispose of plastic waste in an environmentally responsible fashion. EcoTechnology (EcoTech) is such a firm that is using an advanced pyrolysis process to convert waste plastic into valuable products that offset fossil fuels.

THE SOLUTION

EcoTech assembled a project in Gyeongju, South Korea to process 250,000 tonne/yr of waste plastic using an advanced pyrolysis technology provided by EcoCreation. With product revenues and EPR fees for accepting waste, the economics were favorable. However, EcoCreation's technology had only been operated at a demonstration scale, and scale-up risk was a concern for financial backers. Ariel Green worked closely with EcoCreation, EcoTech, their selected EPC, and other project participants to understand the risk of underperformance. Based on this, Ariel Green developed custom, long-term performance policy that guarantee sufficient income to pay debt-service in the event of a technology failure. This coverage provided EcoTech's bankers the assurance needed to provide low-cost loans, enabling the projects to advance.

BENEFIT TO STAKEHOLDERS

The solution allowed EcoTech's Gyeongju project to get financing from Shinhan Capital, helping South Korea achieve its waste plastic reduction goal.

"Ariel Green underwriters showed deep understanding of the Eco Creation technology and our structured finance demands, as a result Ariel Green was able to provide a bespoke risk transfer solution enabling successful financial close of Shinhan Capital investment into the largest plastic emulsification (pyrolysis) plant in Korea"

Mun Byung Nam

Senior Loan Officer
at Shinhan Capital



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