



PROJECT FINANCE: *The Tutorial*

September 19-21, 2012 | New York City, NY

Project Finance: The Tutorial

Wednesday, September 19, 2012

11:55 – 12:55 *Registration*

12:55 – 1:00 *Welcome & Introduction by the Chair*
James Berger, Associate, CHADBOURNE & PARKE, LLP

Project Business Models, Cash Flows & Economics

1:00-2:15 **Business Models for Renewable Energy Projects**

This co-presentation will provide sample project *pro formas* for wind and solar projects, with the goal of illustrating the key revenues and costs of each type of project. It will also spell out the chief renewable project risk factors and how they can be mitigated.

Presenters:

Mohammed Alam, President, ALYRA RENEWABLE ENERGY FINANCE, LLC
Stephen Krebs, Vice President, OWNENERGY, INC.

2:15-2:45 *Networking Break*

2:45-3:30 **Impact of PPA Terms and Provisions on Project Bankability**

As renewables reach higher levels of penetration in many markets, utilities and PUCs are revising PPAs to feature lower power purchase prices, as well as provisions that allocate more of the ancillary service costs and curtailment risks to generation projects. What approaches are being taken? What are the implications for project economics and bankability? This presentation will discuss the trends in PPAs and approaches to mitigating integration risks.

Presenter:

Edward D. Einowski, Partner, STOEL RIVES LLP

3:30 – 4:15

Monetizing Environmental Attributes

In today's market tapping into RECs and other environmental attributes can make a vital difference in the financeability of solar and wind projects. This presentation will discuss what environmental attributes are, how they differ state-by-state, and their important role in renewable project finance. It will also discuss the strategies that are available to monetize them as part of a project's income stream.

Presenter:

Fredrick Wass, *Director of Business Development*, NRG ENERGY

Risk Identification & Mitigation

4:15-5:00

Presentation: Environmental Review Process - Identifying and Mitigating Environmental Risk in an Era of Increased Environmental Regulation

Environmental risk has emerged as one of the largest stumbling blocks in the way of projects seeking to quickly close financing. This presentation will discuss key environmental issues encountered during financing of new power projects and during acquisition of existing facilities. This will include permits and approvals, including NEPA reviews, compliant environmental design, site issues, compliance issues for operating power plants, and other future issues. The presentation will primarily discuss domestic power plants with some comment on foreign projects, and will explore technical detail during the question period.

Presenter:

Philip Karmel, *Partner*, BRYAN CAVE, LLP

5:00

End of *Tutorial Day 1*

Thursday, September 20, 2012

8:00 – 9:00

Registration and Breakfast

8:45-9:00

Welcome & Introduction by the Chair

James Berger, *Associate*, CHADBOURNE & PARKE, LLP

9:00-9:45

Presentation: Thermal Plant Due Diligence in a \$2 Gas World

Shale gas production has depressed prices to historic levels, putting many generating technologies at financial risk. This presentation will address the evolving project finance due diligence issues, including the relationship between natural gas prices and power prices; emergent risks to gas-fired and non gas-fired generating technologies; basis shifts that can disturb the relationships between PPA revenues and physical gas sourcing; and the trade-offs between the higher margin potential of high gas prices and the higher dispatch potential of low gas prices. Finally, some insights from recent valuation, transaction, and financing support engagements and suggestions for re-thinking the due diligence process will be presented.

Presenter:

Art Holland, *Director*, Pace Global

- 9:45-10:30 **Presentation: Managing Technical Risk on Thermal Generation Projects**
 Gas-fired power plants are technically ambitious and complex projects, where the nameplate power may be either undershot or exceeded by substantial amounts due to plant engineering and design features. This presentation will explain how independent engineers are used in project financings to evaluate and mitigate technical and other risks in project financings. It will explain the key technical questions that participants (and especially lenders) must understand and discuss the role of independent engineers in two special circumstances: after the close of project financing and when transactions involve the acquisition of existing facilities.
- Presenter:
Trent Markell, P.E., *Principal*, PF ENGINEERS
- 10:30-10:45 *Morning Refreshment Break*
- 10:45-11:15 **Presentation: The Contractor's Perspective on Identifying and Mitigating Construction, Completion and Performance Risk**
 This presentation will outline the role of the engineering, procurement, and construction (EPC) contractor in project financing. Current market conditions and dynamics will be analyzed, and the effects these changes are having on project development and financing. There will be discussion on risk identification, quantification, and allocation to the responsible party, and how to deal with uncertainties facing contractors, developers, and financiers in today's market. The presentation will also discuss the contractor's perspective on using the EPC contractor as a source of equity, and the process for selecting the EPC contractor and reaching contract closure.
- Presenter:
David Williams, *Vice President of Sales*, FLUOR CORPORATION
- 11:15-Noon **Presentation: Commercial Issues and Risk Allocation in Project Documentation**
 This presentation will review critical terms, provisions and negotiations involved in forming project agreements, including:
- Construction and warranty issues—getting the project built, operating and guaranteed
 - Technology advancements—issues in scale up and technology advances
 - Operation—where have the problems been?
 - Transmission interconnection issues for renewable projects
- Presenter:
Roger Rosendahl, *Partner*, DLA PIPER
- Noon-1:00 *Group Luncheon*

Financial Players & How They Are Evaluating Projects
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- 1:00-1:45 **Presentation: The Return of Tax Equity—Crucial Financing Piece Post Tax Grant**
 With the expiration of the 1603 tax grant program tax equity again takes a central role in financing renewable energy projects. Will there be enough available to support project pipelines? How can projects be made more tax equity friendly? This presentation will discuss the appetite of tax equity

investors and what criteria are considered when selecting projects, as well as these critical questions surrounding the tax equity market:

- Which tax equity investors are most active?
- Will there continue to be a rise of corporates in the renewable energy sector?
- How are corporates using tax equity?
- How are their liabilities changing and how will their appetite be impacted?

Presenter:

Timothy Kemper, *National Renewable Energy Practice Leader*, REZNICK GROUP

1:45-2:15 Afternoon refreshment break

2:15-2:30 Presentation: **Structuring Hybrid Deals and Financings to Attract Institutional and Long-Term Investors**
Today's project finance market is seeing a surge in deals where roles traditionally filled by banks now are attracting interest by pension funds, institutional investors and other long-term investors. How are deals structures affected? This presentation will discuss how to incorporate long-term investors seeking steady cash flows into project financings.

Presenter:

Chadron Edwards, *Associate*, CHADBOURNE & PARKE, LLP

2:30-3:30 Panel Discussion: **Obtaining Capital from Bonds, Private Equity and Institutional Investors**
This panel will address the role of bonds, private equity and institutional investors in bridging funding gaps. They will discuss what makes equity funds interested in financing projects, what types of projects are of most interest to equity funds and institutional investors, which funds are projected to become involved, what risk appetites and investment horizons they have, and what makes a project attractive to private equity and institutional investors.

Moderator:

Chadron Edwards, *Associate*, CHADBOURNE & PARKE, LLP

Panelists:

Recep Kendircioglu, *CFA, Managing Director, Power & Project Finance Team*, JOHN HANCOCK LIFE INSURANCE COMPANY

Prashant Mupparapu, *Managing Director*, MACQUARIE ENERGY

Bob Percopo, *Executive Vice President, Project Finance Advisory, Global Marine and Energy*, CHARTIS

Jeremy Rosenshine, *Transaction Counsel*, PATTERN ENERGY

3:30-4:15 Presentation: **Loan Requirements in Today's Lending Environment**
This presentation will explain how lenders (both commercial banks and other institutional investors) evaluate project financings that are seeking credit, and will detail what levels of risk relative to project cash flows are financeable in today's market. It will also discuss some credit enhancement mechanisms that have proven particularly effective at making up any shortfalls in a project's creditworthiness.

Presenter:

Will Marder, *Director, Global Product Manager for Project Finance*, DEUTSCHE BANK

4:15-5:15

Panel Discussion: **Perspectives on Capital & Loan Markets for Project Financing in 2012**

Leading project finance professionals will provide invaluable advice regarding how to obtain financing in 2012.

Moderator:

Todd Alexander, *Partner*, CHADBOURNE & PARKE, LLP

Panelists:

Jean-Pierre Boudrias, *Director, Energy Group*, CREDIT SUISSE LLC

Trevor d'Olier Lees, *Director*, STANDARD & POOR'S

Tony Muoser, *Managing Director*, RABOBANK

Bill Harrison, *Executive Director, Head of Renewables Execution Team, Project Finance North America*,
BBVA SECURITIES

Christopher Yonan, *Director and Head of Project Finance*, BARCLAYS CAPITAL

5:15

Tutorial Adjourns