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(see inside for details)

BRAND NEW COURSE

Power Project Finance

A cutting edge guide to the intricacies of financing power projects

LONDON DATES:

6-8 June 2011
7-9 November 2011









The objectives of this highly practical course are to:

- provide you with a power project financing "toolkit" incorporating project risk analysis, debt sizing/structuring and project loan documentation
- consider the technical aspects of the sector - as they affect a provider of finance
- explain clearly, and in detail, the project financing techniques and structures typically used in the conventional and renewable power generation industries
- reinforce learning through the use of case studies which have been specifically designed to illustrate the issues and techniques covered in the course

Course Faculty:
Steve Mills
Recognised Project Finance Practitioner

To book on this course or for further information please contact us on:
Tel: +44 (0) 20 7017 7190 Fax: +44 (0) 20 7017 7802
enquiries@iirltd.co.uk www.iff-training.com

Power Project Finance

Even through the Credit Crisis the energy sector has remained surprisingly resilient. To reflect the growing interest in this sector, IFF has designed a highly topical course programme, a key aspect of which is the approach of the banker to project analysis and debt structuring – and how this has changed since the Credit Crisis. Since the Sponsor/ Borrower generally wishes to maximise project debt, the willingness (or otherwise) of the lender to provide more or less leverage is clearly crucial.

The programme itself is highly practical in its focus, initially providing you with a robust project financing "toolkit" that encompasses risk analysis, debt sizing, documentation and borrower/ sponsor considerations, before moving onto the specific issues relating to the financing of power project. This second phase of the course offers a state of the art guide to the intricacies of the sector drawing on the many years of first hand sector experience of the course leader, Steve Mills. Steve's work with power generator project finance clients includes not only power generators, but also the professions which work in them – in particular:

- **Power transmission & distribution companies**
- **Equipment manufacturers**
- **Consultant engineering companies**
- **Equity investors and funds**
- **Debt providers from both the bank and fixed-interest sectors**

Learning Outcomes

Participants will leave the course with a thorough practical understanding of:

- how lenders analyse power projects – from both a qualitative and a quantitative perspective
- how project financings are sized and tailored to the cashflow of a specific project
- the loan documents which govern a financing and how they interface with the other project documents such as power sales agreements, EPC contracts, supply agreements and insurance arrangements.

Who Should Attend

The Course has been designed to be relevant both for:

- trainees from the industry and affiliated disciplines, who need a grounding in project financing in general and power project financing in particular
- finance professionals who wish to strengthen their understanding of limited-recourse lending and to acquire the technical background required to structure financing packages in this sector

Therefore it will be of particular benefit to:

- business development, portfolio management and credit function staff in lending banks
- staff in companies in the power generation sectors who need to understand debt facilities/negotiate with lenders
- legal professionals with limited prior knowledge of limited-recourse finance
- accountants serving the project finance community as advisers/auditors
- technical and professional consultants who undertake due diligence studies for lenders and investors in respect of power generation projects
- insurance brokers and advisers

The unique project finance "toolkit" is also relevant to sectors other than power and therefore trainees will acquire a set of skills which they will also be able to apply in other industry branches.

Course Faculty

Steve Mills designs and delivers project finance training for IFF by means of public courses and in-house tuition structured for clients with particular needs and interests. He has developed and run training programmes for commercial banks, project sponsors, financial and legal advisers and multilateral financial institutions. Participant feedback on his subject knowledge and abilities as a trainer has consistently been in the 90-100% range. He is the author and course director for IFF's new distance-learning programme "The Mechanics of Project Finance".

Steve has had a 30-year career in banking and has worked in project financing for the HSBC Group, Commerzbank, SMBC and RBS. Until he decided to devote himself to training and development work and writing in the area of project finance, he was Head of Oil and Gas Project Finance for RBS in the City of London. Steve is a Visiting Professorial Fellow of the Centre for Commercial Law Studies – Queen Mary, University of London. He is currently working on a capital budgeting and financing module at MBA level for a leading business school.

Steve believes that the success of his courses is based on a number of key factors:

- Deep and recent market knowledge – Steve worked in project finance banking for more than 25 years
- His track record as a lead arranger of transactions
- A focus on practical issues, supported by:
  - examples drawn from his personal experience
  - checklists which can be used back in the work-place

He can be seen and heard talking in more detail about his courses at http://www.iff-training.com/financial-and-energy-training-videos/

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If you have four or more people to train, our in-company courses can be delivered for you anywhere in the world and are to be the perfect solution for you.

Many organisations have realised that IFF in-company courses offer so much more than conventional courses. Here's why:

- We focus on providing our clients with training solutions that are specifically designed for our clients in order to help them address their key business challenges
- IFF programmes are designed by practitioners for practitioners. We focus on equipping our clients with the practical skills and knowledge they need to succeed
- Our international faculty of trainers are some of the world's leading experts in their chosen field. We only use the best minds in the business
- We've been supporting our clients for over 20 years; you can be sure that, as such, our track record makes us the lowest risk training partner you could find
- By focusing on the business issues behind the training need, we can ensure that the content and focus are targeted 100% on the needs of the business
- In the current climate you need someone who can deliver on their promises – we guarantee that we will!
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- Whatever your need, whether it's a one-day workshop, a graduate training programme or a ten-day boot camp, we will deliver exactly what you need
- Quality is critical to our success. Our reputation has been built over 20 years by delivering programmes of the highest standard. We will never compromise on our desire to ensure that our courses surpass the expectations of our clients, not meet them.

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We'll meet with you anywhere around the globe

Only by understanding our clients' business issues can we hope to add substantial value. That's why we work with our clients face to face all over the world. Our team of consultants will meet you anywhere around the globe and are always present in the UK, Europe, Asia Pacific, Scandinavia, North America and the Middle East.

If you would like one of our consultants to meet with you to talk about your needs in more detail or if you would simply like more information as to how you'll benefit from our in-company programmes, please contact **Jeff Hearn (General Manager)** on **+44 (0) 20 7017 7190** or email: **jhearn@iirltd.co.uk**

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LONDON DATES:

6-8 JUNE 2011
7-9 NOVEMBER 2011

Your Detailed Course Programme

THE PROJECT FINANCE "TOOLKIT"

1. Project finance essentials

- What is project finance - definition
- Differences between corporate & project lending
- The cashflow "envelope"; cashflow available for debt service (CFADS)
- Why do sponsors choose project finance?
- The risk-reward relationship with the project – sponsors & lenders

2. The Toolbox (1) - Qualitative Risk Analysis

- Sponsor risk
- Country limits / country risk mitigation
- Construction / completion risk
- Technology risk
- Supply issues
- Offtake factors
- Operation & maintenance risk & structures
- Insurance issues
- Consents & approval matters / regulatory hazard
- Environmental & social issues

3. The Toolbox (2) – Debt Sizing & Sculpting

- CFADS – the starting point
- Cover ratios
  - Using the ADSCR
  - Using the LLCR / PLCR as a "sense-check"
  - Cover ratios in debt sizing & stress testing
- Base case design – control of inputs and macroeconomic parameters
- Sensitivity running – what does the banker test?
- The IRR/cover ratio interface
- Impact of control accounts on sponsor return
- Getting to the optimum debt level

4. The Toolbox (3) – Project Finance Loan Documentation

- Control accounts & the cashflow "Waterfall"
  - Types of control account - disbursement, revenue, compensation, debt service reserve & maintenance reserve accounts
  - The cashflow waterfall – purpose, typical priority ranking and variations
  - The documentation process
    - > Keeping it tight and focused
    - > The lender / borrower / counsel interface
    - > Different approaches to the term sheet
    - > Designing the term-sheet for economy while covering the key commercial issues
- Documentary terms and conditions
  - The "boiler-plate" – understanding the jargon
  - The key "command & control" mechanisms in project finance agreements
    - > Conditions precedent
    - > Reps & warranties
    - > Covenants
    - > Events of default
- Borrower/sponsor needs and "hot-buttons" – what does everybody argue about most?
  - Accessing the loan facility
  - Pricing issues
  - Operating flexibility & control
  - Cash-traps & "IRR-killers"

POWER PROJECT FINANCE – SECTOR PRACTICE

1. The Technical & Market Background

- Conventional power generation
  - Coal-fired technologies
  - Fuel oil firing
  - Gas-fired
    - > open & combined cycle
  - Nuclear power
  - Pumped storage
- Renewable technologies
  - Wind
  - Landfill gas
  - Biomass
  - Hydro
  - Wave/tidal energy
  - Solar
    - > thermal & PV
- Development of liberalised, regulated power markets
  - Genesis of the private power markets
  - How private power markets work
  - Classic role & powers of the regulator
  - Role of the regulator in encouraging renewables

2. Risk Features of Power Project Finance – key drivers for debt structure & pricing, especially:

- Offtake regime – PPA/tolling /merchant/feed-in tariff/renewable certificates
- Technology issues
- Operation & maintenance regime

3. Power Project Finance Methodologies – debt structures for conventional power (PPA, tolling & merchant) & renewable power (feed-in tariffs & renewable generation certificates) compared and contrasted in terms of:

- Debt/equity ratios and structures
- Risk allocation patterns
- Debt maturity
- Debt pricing levels
- Repayment profile sculpting methodologies
- Key "command and control" features:
  - Drawdown control
  - Servicing subordinated debt
  - Dividend lock-ups
  - Event of default ratio
- Security structures
- Third party agreements
- Other documentation features:
  - Representations & warranties
  - Conditions precedent
  - Undertakings

4. The Impact of Credit Crunch on The Power Project Financing Sector

KEY POWER PROJECT FINANCING CONTRACTS – THE POWER SALE ARRANGEMENTS

The way in which power is sold (PPA, merchant, tolling, feed-in tariff with preferential despatch etc.) is arguably the most important determinant of project debt structure and therefore these agreements are worthy of particular attention. During the course the key features of different power sales agreements are discussed in depth, in particular as regards the way in which risks are allocated and how this affects the amount and cost of the debt which can be raised.

KEY POWER PROJECT FINANCING CONTRACTS – OPERATION & MAINTENANCE AGREEMENTS

Because the predictability of stable cashflow is critical in determining the risk appetite of a lender, the operation & maintenance regime to be applied in a power project is analysed very carefully by its debt providers. During the course the key risk transfer provisions of O&M agreements – and their limitations - are reviewed in detail.

PUTTING IT INTO PRACTICE – POWER CASE STUDIES

The course has a strong practical emphasis throughout, but case studies are used particularly to reinforce learning. There are three basic types of case study:

1. Mini-Cases – shorter class-based sessions where participants are required to identify the pros and cons of a project from a bankability perspective, and also to set out requirements for additional due diligence.

2. Peer Review Committee Sessions – more intensive cases where the Course Faculty acts as presenter and four participants are selected to act as a committee to screen new transactions before they go to full Credit Committee.

3. Term Sheet Case Studies – exercises where the course participants are required to review a project financing term-sheet for completeness and acceptability from the perspective of either the Lender or the Borrower.

The sector focus of the cases used will depend in part on the particular interests of each trainee group. When this course has been delivered on an in-house basis, case study topics have included combined-cycle gas, power & desalination, wind-power, biomass, CHP and photovoltaic projects.

Booking Form

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Power Project Finance

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A cutting edge guide to the intricacies of financing power projects

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I would like to register on the training course:
Power Project Finance in Central London *(Venue to be confirmed)*

COURSE
- ☐ **6-8 June 2011 (LF3551)**
- ☐ **7-9 November 2011 (LF3555)**

Your Details

(PLEASE COMPLETE IN CAPITAL LETTERS)

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Job Title | Dept
Full Attendee Name Mr/Mrs/Ms
Job Title | Dept
Company
Address
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Tel | Fax
*Email
VAT Registration Number
Head of Department Mr/Mrs/Ms
Job Title | Dept
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Job Title
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Administration Details

How much does it cost? Including **DOCUMENTATION, LUNCH AND REFRESHMENTS**, your investment for attending this intensive course is £2,299 plus VAT = £2,758.80.

The VAT rate is subject to change and may differ from the advertised rate. The amount you are charged will be determined when your invoice is raised.
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4. Web: **www.iff-training.com**
5. Mail: **Customer Service Manager**
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London SW1E 5DR

What happens if I have to cancel?
The following charges will apply for written notice received: 30 + days before the course: 10%
15–30 days before the course: 50%, 1–15 days before the course: 100%.
In the unfortunate event that a course is cancelled, IFF Ltd are not liable for any costs incurred by participants in connection with the course.

Transfers
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