

# **Financing Geothermal Projects**

## **MONDAY, MARCH 8, 2010**

WORKSHOP CHAIR: **JERRY R. FISH**, *MEMBER*, STOEL RIVES LLP

9:00-9:45 **GEOTHERMAL FINANCE & INVESTMENT – GHOSTS AT THE TABLE/ELEPHANTS IN THE ROOM**

In every Geothermal project, five parties sit at the table: a developer, a utility, the government, the bank and Joe Q. Public. From country to country and from project to project, these five finance and investment participants may change name, form and importance; nevertheless, from day one, understanding the perspective and goals unique to each player is the key to crafting financially successful Geothermal projects. Real-world practice tips for player risk-management. A look at anticipating and coping with the actions of the five elephants in the room from the exploration stage, through licensing, the RFP process, project financing, PPA negotiations, and leaping regulatory and environmental hurdles.

*Presenter: A. John Armstrong, President, ARTHUR JOHN ARMSTRONG PC*

9:45-10:30 **UNDERSTANDING AND MITIGATING PROJECT RISK**

An overview of the various problems associated with geothermal project development and finance, including site analysis, resource capacity, drilling and regulatory issues.

- \* Risk versus investment profile for geothermal
- \* Comparing geothermal to other renewables
- \* Competitive utility solicitations
- \* The renewable energy supply curve

*Presenter: Carl Steen, Partner, BAKER HOSTETLER*

10:30-11:15 *Networking Break*

11:15-12:30 **A DEEPER LOOK AT FINANCING WITH THE AMERICAN RECOVERY AND INVESTMENT ACT (ARRA)**

An examination of several crucial aspects of financing your project with ARRA funding.

- \* An overview of the section 1703 and 1705 loan guarantee programs
- \* Assessing the potential cost of capital in the section 1705 loan guarantee program - credit guarantees and loan pricing
- \* Impact of loan guarantee terms of finding financing
- \* Grants, tax credits and benefits
- \* Other provisions in the loan guarantee program affecting project economics

(1) Ownership restrictions in the grant program and impact of grant recapture provisions.

(2) Grants

*Presenter: Keith Martin, Partner, CHADBOURNE & PARKE LLP*

12:30-2:00 *Group Luncheon*

2:00-2:45 **Pricing Strategies and Negotiating Power Purchase Agreements**

Geothermal projects have special attributes which must be considered when entering into agreements.

- \* Principal risk items in power purchase agreements
- \* How certain points can obstruct financing
- \* Pre and Post-completion termination events
  - \* Liquidated damages

*Presenters: William H. Holmes, Member, STOEL RIVES LLP*

*Jennifer Martin, Member, STOEL RIVES LLP*

2:45-3:30 **Successful Permitting and Licensing**

Every developer aims to obtain government approvals quickly, inexpensively and with few surprises

- \* Major permits and key, application milestones in geothermal
- \* Regulations most impacting financial success of project

\* Covered will be federal, state and local levels for West US

Presenter: **Martin Piszczalski**, *President*, SEXTANT RESEARCH

3:30-4:00 NETWORKING BREAK

4:00-5:00 **Land, Water, Mineral and Other Rights Issues**  
The considerations that weigh on project risk, including useage, royalties, environmental, access and other potential issues

*Presenter: Jerry R. Fish, Member, STOEL RIVES LLP*