

RENEWABLE POWER PROJECT FINANCE



THE TUTORIAL

December 11 - 13, 2006 • DoubleTree Hotel Austin • Austin, TX

Tuesday, December 12, 2006:

8:00 Administrative announcements and opening remarks by the Conference Chair:
Stephen Krebs, *Partner*, BAKER BOTTS LLP

Overview of Renewable Energy Project Economics

- 8:00-8:30 **Renewable Project Business Models: Wind, Solar and Biomass Revenues, Costs, & Returns**
This presentation will introduce attendees on to how renewable projects work as businesses and produce cash. It will provide sample project pro formas for a wind, a solar and a biomass project, 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.
Stephen Krebs, *Partner*, BAKER BOTTS LLP
- 8:30-9:00 Presentation
Mohammed J. Alam, *President*, ALYRA RENEWABLE ENERGY FINANCE, LLC
- 9:00-9:45 **Monetizing “Environmental Attributes”—Using “Green Tags,” RECs and RPS to Improve Project Viability**
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.
Mel Jones, *President & CEO*, STERLING PLANET, INC.
- 9:45-10:15 *Morning Refreshment & Networking Break*

10:15-11:00

How the Federal Energy Tax Credits, Preferred Depreciation Schedules and Product Tax Credits Affect Project Economics

The federal government can pay as much as 65 % of the capital cost of renewable energy projects through tax subsidies. However, it can be difficult for a project to efficiently utilize them. This presentation will include a menu of potential subsidies; a description of the latest “monetization strategies;” and possible further evolution in structures, and other recurring tax issues for wind, solar and biomass deals.

Keith Martin, Partner, CHADBOURNE & PARKE, LLP

11:00-11:45

Developing and Financing Renewable Energy Projects in International Markets

This presentation will address challenges and key issues relating to the development and financing of renewable energy projects in international markets. It will identify the key risks that differ for Asian and Latin markets, as well as potential sources for additional revenue streams.

Dino Barajas, Partner and Co-Head of Latin America Projects Group, PAUL, HASTINGS, JANOFSKY & WALKER LLP

11:45-1:00

Group Luncheon & Address: Biomass Project Development and Financing: From Wood to Watts

This presentation will discuss how the NZ Legacy’s Snowflake White Mountain Power Project was developed and financed. This 24MW power project commenced construction this fall and simultaneously closed into its \$55 MM project financing; consisting of bank debt, a tax-exempt bond issue and the supporting letter of credit facility.

Thomas M. Suffield, Principal, CEDARS CAPITAL LLC

Risk Identification and Allocation in Renewable Energy

1:00-2:15

Resource Risk Identification, Assessment and Management

This set of presentations will discuss some of the most important sources of risk in renewable energy projects—wind risk, biomass feedstock risk and geothermal risk. The presenters will address the sources of these risks, the methods to assess them, and techniques to mitigate them.

Wind: **Gordon Randall**, Senior Technical Analyst, GLOBAL ENERGY CONCEPTS, LLC

Biomass: **Richard Germain**, Associate Director, NAVIGANT CONSULTING, INC.

Geothermal: **Max Walenciak**, Associate Director, NAVIGANT CONSULTING, INC.

2:15-3:30

Panel Presentation: Assessing Technical, Construction and Operational Risk Factors for Renewable Energy Projects

Independent engineers for wind, solar and biomass projects will identify the corresponding risk factors for each type of project, and address strategies and guidelines for minimizing these risks.

Wind: **Gordon Randall**, Senior Technical Analyst,
GLOBAL ENERGY CONCEPTS, LLC

Solar: **Jeffrey Perlman**, President, BRIGHT POWER, INC.

Biomass: **David L. Patton**, Principal and Senior Director, RW BECK, INC.

3:30-4:00

Afternoon Refreshment & Networking Break

4:00-4:45

Special Issues in Renewable Project Non-Financial Contracts

This presentation will explore these similarities and difference from a conventional project financing, illustrating the special concerns with structuring a renewable energy project.

- 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

Dino Barajas, Partner and Co-Head of Latin America Projects Group,
PAUL, HASTINGS, JANOFSKY & WALKER LLP

4:45-5:45

Panel Discussion: Helpful Hints in Getting Your Project Financed

Innovation is needed to develop financeable structures that monetize renewable energy and production tax credits and other incentives while navigating renewable energy's intermittent production, transmission and other challenges. This panel of renewable energy sector finance veterans will discuss project bonds, IPOs and other structures being developed to keep capital flowing into renewable energy projects.

Moderator: **Ed Feo**, Partner, MILBANK TWEED HADLEY & MCCLOY LLP

Panelists:

Teresa Brennan, Vice President, AIRTRICITY, INC.

Richard Germain, Associate Director, NAVIGANT CONSULTING, INC.

Mohammed J. Alam, President, ALYRA RENEWABLE ENERGY FINANCE,
LLC

Thomas M. Suffield, Principal, CEDARS CAPITAL, LLC

Wednesday, December 13, 2006:

8:00 Administrative announcements and opening remarks by the Conference Chair:
Steve Krebs, *Partner*, BAKER BOTTS

Investment and Finance of Renewable Projects

8:00-8:35 **Structuring Projects to Efficiently Use Tax Credits in Financing Projects**
Guidelines for properly measuring the economic benefits of renewables will be presented. Two structures to monetize wind power project tax benefits will be compared, as well as two structures to monetize biomass power project tax benefits. The presentation will also evaluate other factors besides economics that affect decisions in the real world to finance renewable projects.
Yale Henderson, *Vice President*, JPMORGAN CAPITAL CORPORATION

8:35-9:10 **Sourcing Equity Capital for Renewable Projects**
There are more institutional equity participants interested in investing in renewable deals than there are currently deals in the market. At the same time, the arrangers continue to push the envelope on deal structures. This presentation will discuss what deals are being done and on what terms, including how much of the tax subsidy a developer who turns to the institutional equity market should be able to keep, what the current "market" is on significant deal terms, whether "equity squeeze" rules out project-level debt, and the most important places for institutional investors to probe during due diligence.
Jeremy Dockter, *Managing Director*, THE KINETIC GROUP

9:10-9:45 **Sourcing Renewable Energy Debt Financing**
This talk will explore the evaluation process conducted by lenders to determine a renewable project's debt capacity. This process will be discussed for all renewable energy projects, and a quantitative example will be presented. The presentation will cover incremental debt capacity from green attributes such as renewable energy credits and production tax credits, and will also explore some alternative financing structures.
Andrew Vernon, *Vice President, Energy Team*, NORD/LB

9:45-10:05 *Morning Refreshment & Networking Break*

10:05-10:35 **Alternative Methods to Finance Renewable Projects**
This presentation will address using alternative methods for financing renewable projects. The attendee will be introduced to using tax lease transactions including tax benefit use issues and alternative financing structures for renewable projects. The presenter will also compare project finance and tax base equity requirements, risk allocation, cost of financing and minimum project size tax leasing vs. normal project financing.
William J. Garnett, III, *Senior Vice President*, NATIONAL CITY ENERGY CAPITAL

Case Studies & Lessons Learned in Renewable Energy Financings

10:35-11:10

Case Study: Wind Power Financing

This presentation will examine a sample wind project and the how different structures affect project financing. It will explore how different syndication structures have evolved to meet the needs of different projects and project sponsors, offering different risk and return profiles to investors.

Timothy MacDonald, Senior Vice President, MERIDIAN CLEAN FUELS

11:10-11:50

Case Study: The Challenges of Solar Finance and the PPA Solution

- The PPA solution
 - A conduit for low cost capital from commercial investors into the solar space
 - How the PPA solution aligns interests of solar market participants
- Case Study: How PPA stacks up to other options
 - Self Finance
 - Leasing Option
 - PPA solution

Mark McLanahan, Vice President - Project Development and Finance, MMA RENEWABLE VENTURES

11:50-12:30

Case Study: Financing a Biomass-to-Biomethane (Including Electricity) Projects

This presentation will explore the opportunities and challenges involved with biomass to biomethane projects. It will discuss issues such as the financing options available for on-site bio-digester plants, contracts with property owners (such as dairy farmers and related “stakeholder” financing) financing possibilities, pricing considerations relating to gas sales to utilities and other purchasers and if cogeneration is included, power purchase contracts and incentives.

Peter V.K. Funk, Jr., Partner, DUANE MORRIS LLP
Matthew Ross, Special Counsel, DUANE MORRIS LLP