



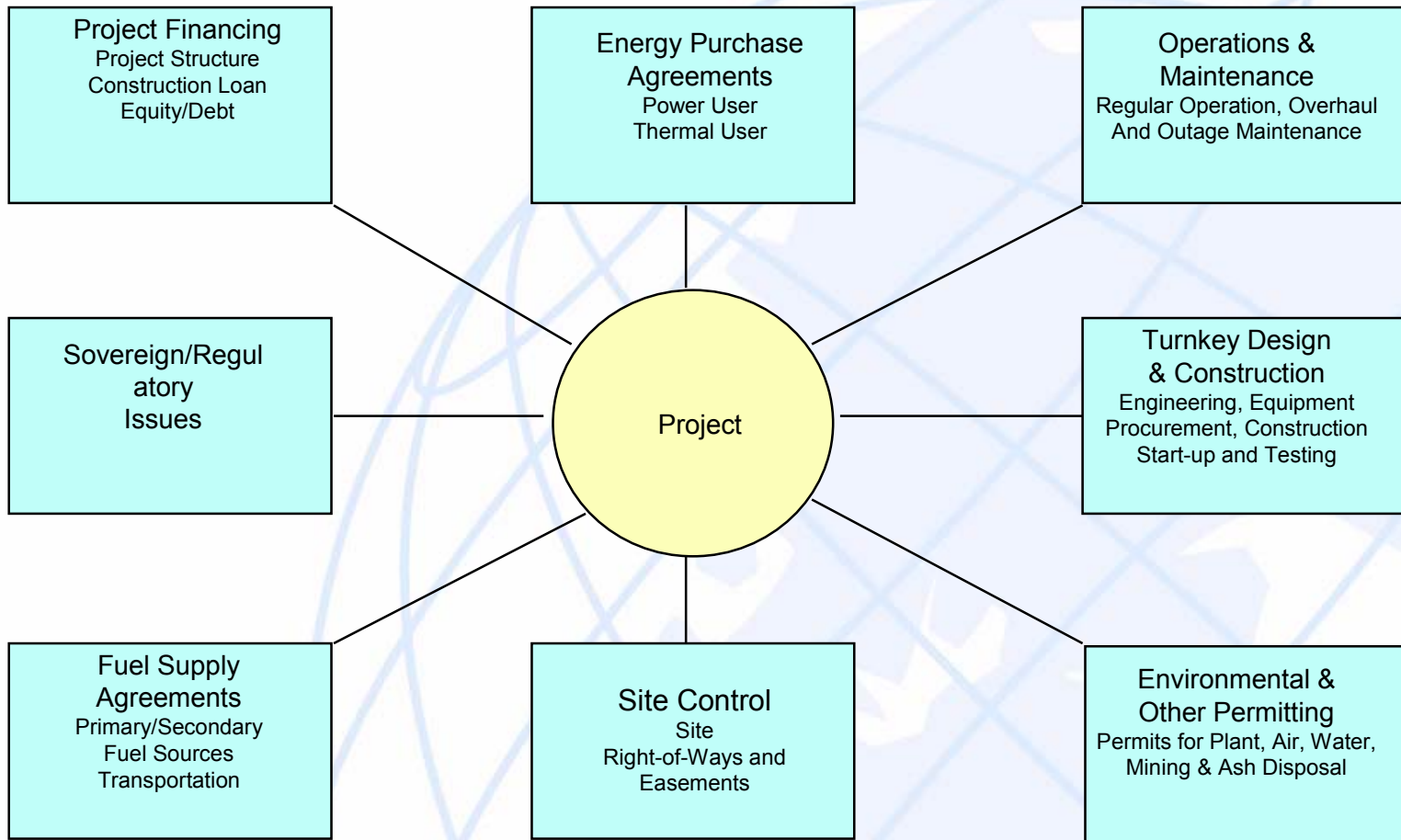
# **Project Structures to Mitigate Risks and Access Capital**

Regional Electricity Investment Conference  
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Windhoek, Namibia

# Guiding Principles

- Are the risks being distributed and allocated to the project participant best capable of assuming this risk?
- Are there any residual risks assumed by the Project that it does not control

# Typical Project Structure



# Power Purchase Agreement

- **Tariff Structure**
  - Capacity
  - Energy
  - Foreign Exchange Indexation
  - Inflation Indexation
- **Term**
  - Longer the Term the Cheaper Capacity Payment
  - Early Termination and Financing Assumption

# Equipment, Procurement & Construction

- Scope of Work
  - Interconnection Issues
  - Handover
- Contract Price
  - Currency and Inflation Indexation
  - Change Orders
- Guarantees
  - Output
  - Heat Rate

# Operation & Maintenance

- Owner Operated
  - Regular Maintenance
- Major Maintenance
  - Term
  - Price Protection
- Availability Guarantee

# Fuel Supply

- Plant Operating Characteristics
  - Minimum Take
- Price Formula
  - Matching Energy Payment
- Delivery Risk
- Security Package
- Termination

# Sovereign Guarantee

- Financial Guarantee
  - Limited Value
- Ring-Fencing Sector Cash Flow
  - More Effective
  - More Controversial
- Change of Law/ Regulatory Risk
- Exchange Controls
  - Convertibility
  - Availability
- Political Events
  - Expropriation

END OF PRESENTATION