

# EXCELLENCE IN DELIVERING POWER PURCHASE AGREEMENTS 2018



**3 Day Masterclass**



**9th - 11th April 2018**



**Sheraton Dubai Creek Hotel  
& Towers, Dubai**



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## OVERVIEW

A successful power development investment depends on an effectively formulated and implemented Power Purchase Agreement (PPA). It follows that the commercial agreements made with consumers, fuel suppliers, equipment providers, Engineering, Procurement and Construction (EPC) contractors and government stakeholders should then be implemented effectively to maximize investment profitability and promote business sustainability. The PPA Masterclass 2018 has been developed for the benefit of Governmental policy makers and implementers alike to aid their ability to formulate an effective PPA that meets both their aspirations and ensures its subsequent delivery has the best chance for a successful outcome.

Driven by energy policy and regulation, the global power markets are undergoing profound change with significant price risks emerging. The negotiation of a PPA is therefore the most crucial element in the investment process. Negotiating a successful PPA is the only way that stakeholders and buyers can negotiate a legal framework to support a commercial return and mitigate the significant risks of the global power market.

Led by an accomplished practitioner with over thirty years of experience in the power sector, you will become an expert in PPA negotiation and its subsequent delivery. You will return with a tool box of expert briefings, projections and checklists covering all aspects of the many facets of the PPA process. It will lead you through all forms of energy risk that the PPA mitigates from market, through credit, liquidity, operational and a particular focus on regulatory risks in the key power markets globally. At the end of this course you will be able to formulate and deliver a PPA, such that it meets with your assets needs.





**Peter  
Kent**

## COURSE LEADER

Peter Kent has extensive international experience, project managing some of the most high profile power generation projects, including CCGT, thermal, hydro and nuclear power projects. Peter's thirty year career started as a mechanical project engineer out of the United Kingdom's Central Electricity Generating Board at a time when the European electricity industry was being liberalized. Since this time Peter's career has grown as a contributor to developing and delivering some of the biggest global utilities and independent power producers electricity generation assets, including RWE (formerly National Power), E.ON and InterGen. Having worked also in the supply chain with companies like Amec, Westinghouse and Samsung C&T, Peter has a sound appreciation of what the consequences are of a good or bad PPA having been agreed and implemented.

Peter's work on due diligence exercises has included how the investment might differentiate itself in the market, not just in price, but also environmentally, politically and socially. Having identified opportunities and risks in projects, these value principles and mitigated investment risks have determined the go ahead for multi-million dollar scale power generation investments, which were then efficiently captured in the PPA and flowed down to other main contracts to deliver some of the world's most technically and organizationally difficult projects.

Peter has been a fixer on several large scale projects that have been failing in their delivery commitments and have consequently become embroiled in commercial dispute. It's an unfortunate fact that what seem to be such obvious mistakes made in formulated such projects are repeated time and again. Of course, there are times when it all goes to plan for good reason... central to which is a well written Power Purchase Agreement (PPA).

## BENEFITS OF ATTENDING

- ▶ Have better understanding of the roles played by various stakeholders
- ▶ PPA – developers, utilities, governments, manufacturers, construction companies, financial institutions, and the public
- ▶ Understand important contractual terms in specific detail to assist in development of future contracts or execution of existing contracts
- ▶ Explore the similarities and differences among various alternative forms of PPA insurance in mitigating some of those risks, and the role of PPA terms in assigning risks to stakeholders
- ▶ Examine how the PPA framework leads to better construction terms and execution
- ▶ Gain appreciation for contract management and execution in the wholesale power sector

## WHO SHOULD ATTEND

CEO, CFO, COO, Directors, and Division Heads, General Managers, Senior Managers, Managers, Analyst and Engineers of the following departments:

- ▶ Business Development
- ▶ Project Finance
- ▶ Commercial
- ▶ Finance
- ▶ Planning
- ▶ Contracts
- ▶ Procurement
- ▶ Projects
- ▶ Legal
- ▶ Operations
- ▶ Corporate Affairs
- ▶ Technical
- ▶ Regulatory Affairs
- ▶ Power Grids, Transmission & Distribution
- ▶ Infrastructure
- ▶ Utility

## WORKSHOP OBJECTIVES

- ▶ Gain insight on the structure of PPAs from the perspectives of multiple stakeholders
- ▶ Build a toolkit of contractual knowledge oriented on technical, financial & legal aspects of the PPA
- ▶ Understand the role of dispute resolution processes and procedures
- ▶ Get hands-on practice with key aspects of PPA development



# DAY 1: DEVELOPMENT

## SESSION 1

### Selecting A Suitable Site

- ▶ The big picture – Geopolitical, socioeconomic and technological context that PPAs operate in.
- ▶ The trends driving the creation of wholesale power markets and merchant power.

## SESSION 2

### Securing Project Investors

- ▶ Government, spot market and 'Over The Fence' electricity sales.
- ▶ Structuring investment.
- ▶ Mutual interest industrial partnerships.

## SESSION 3

### Valuing The Power Plant Investment

- ▶ Reliable estimation of capital expenditure
- ▶ Operational Expenditure & Earnings
- ▶ Legacy costs and Final Demolition
- ▶ Interest, Taxes, Depreciation and Amortization
- ▶ Investment contingency and risk

### Case Study:

### Project differentiation case study

## SESSION 4

### Differentiating The Investment

- ▶ Main contractor
- ▶ Equipment, material, labour and skills supply
- ▶ Value engineering
- ▶ Operational costs
- ▶ Socioeconomic and geopolitical interests

## SESSION 5

### Making Sure Power Price Dynamics Work for The Investment

- ▶ Electricity dispatch ranking and availability
- ▶ Electricity grid response
- ▶ Contracting for fuel supply
- ▶ Over the fence energy sales
- ▶ Base load versus shift operational issues

### Case Study:

### Project differentiation case study

## PRE-CLASS

### QUESTIONNAIRE (PCQ)

To ensure that you gain maximum benefit from this event, a detailed questionnaire will be sent to you to establish exactly what your training needs are. The completed forms will be analyzed by the course trainer. As a result, we ensure the course is delivered at an appropriate level and that relevant issues will be addressed. The comprehensive course material will enable you to digest the subject matter in your own time. This training course is designed specifically for participants to work through a dedicated strategic planning process. It is a high-level, intensive and vigorous programme that will move rapidly. The trainer will introduce the sessions and then participants will have the opportunity to develop their own plan. It is an extremely practical training course where participants will spend considerable time working on their own ideas that will enable them to achieve superior performance within their personal work domains. This training course will contain case studies and learning principles from various organizations, which will enable participants a frame of reference from which they can then launch into their own activity.

## DAY 2: PROJECT DELIVERY

### SESSION 1

#### Prescribing the Right Technical Details

- ▶ Process resources and discharge limitations
- ▶ Technology best practice
- ▶ Reliability, availability and durability
- ▶ Modular, central control and remote operability
- ▶ General codes and standards
- ▶ Third party requirements
- ▶ National grid code and other national infrastructure requirements

### SESSION 2

#### Mobilization - Starting the Project in the Right Way

- ▶ Capturing past experience
- ▶ Kick-off meetings
- ▶ Organizational planning
- ▶ Project processes and procedures

#### Case Study: Early loss of project upside

### SESSION 3

#### Managing The Main Contracts

- ▶ Engineering management
- ▶ Procurement and logistics
- ▶ Construction – Optimizing Constructability and Installation
- ▶ Commissioning - How to start-up safely and prevent early catastrophe
- ▶ Plant turnover process
- ▶ Effective management of the owner's and contractor's obligations

### SESSION 4

#### Implementing Effective Project Controls

- ▶ Commercial and contract management
- ▶ Schedule management
- ▶ Quality assurance and control
- ▶ Health, safety and environment
- ▶ Document control
- ▶ Resources
- ▶ Information security, management and reporting

#### Case Study: The Relative Importance of Functional Deliverables

### OUR PAST ATTENDEES

• Adaro Energy • Alarko energy Group • Bangladesh Energy Regulatory Commission • Bangladesh Power Development Board • Botswana Power Company • Botswana Power Corporation • Ceylon Electricity Board • Egyptian Electricity Holding Company • Electricity Company of Ghana • Emirates National Grid • Engro Powergen • Eskom • Ethiopian Electric Power Utility • E.aro • Gama Energy • Ghana Grid Company • HUBCO • Karnataka Power • Kuwait Energy • Lanka Electricity • Malakoff • Maldives Electric Authority • Male Water & Sewerage Company • National Energy Company • National Grid Corporation Of Philippines • National Power Corporation • Nepal Electricity Authority • NTPC • Off Grid Electric • Oman Cement • Phoenix Energy • Phoenix Power Company • Power Finance Corporation • Power Grid Corporation Of India • PT Bumi Resources • PTT Global • Qatar Electricity and Water Corporation • Saudi Electricity Company • Seven Energy • STELCO • STO Maldives • TANESCO • Tenanga National Berhad • Uganda Electricity Distribution Company • Uganda State Power Company • Zambia Energy • ZESCO

## DAY 3: OPERATIONS

### SESSION 1

#### **Resolving Project Disputes**

- ▶ Avoiding dispute circumstances
- ▶ Dispute management process
- ▶ Commercial acumen to avoid dispute costs and delay

#### **Case Study: Dispute case studies**

### SESSION 2

#### **Guarantees, Warrantees & Letters of Credit**

- ▶ Letters of Credit
- ▶ Warranty provisions
- ▶ Letters of Credit

### SESSION 3

#### **Operations and Maintenance**

- ▶ Organization of the Operations & Maintenance team
- ▶ Maintenance and spares arrangements
- ▶ Energy management
- ▶ Warranty management

#### **Case Study: Formulation of a Spares Strategy**

### SESSION 4

#### **Ongoing Management of Planning, Permits & Ancillary Agreements**

- ▶ Planning and consent obligations
- ▶ Lenders agreements
- ▶ Insurance arrangements
- ▶ Local fire, police and rescue arrangements
- ▶ Social Considerations

#### **Case Study: Stakeholder Management**

### SESSION 5

#### **Concluding Thoughts**

- ▶ Quick recap of the course key learning points
- ▶ Open Questions - Final question and answer session

### Course Concludes