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VALUATION OF PPAs

Financial and Risk Dimensions that Confer Value to PPAs


April 7-8, 2020

**Hilton Garden Inn Denver/Cherry Creek
Denver, CO**

RELATED EVENT:

RENEWABLE ENERGY PPAs

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 EUCI is authorized by CPE to offer 10 credits for the course

OVERVIEW

This course provides a thorough review of financial and risk elements that influence the value of renewable energy power purchase agreements (PPAs). It is a companion to the Renewable Energy Power Purchase Agreements seminar, which instead focuses on key provisions and central legal concerns associated with PPAs.

The course will explore the many layers of financial considerations that confer value in these contracts for power. It will devote a granular look at the dependent relationships that often make the difference between a PPA that accomplishes its objectives over an extended period versus one that can disappoint almost immediately.

The instructors will review and demonstrate multiple analyses and methodologies that provide important financial and risk guidance in the structuring of PPAs for project developers and off-takers.

LEARNING OUTCOMES

- Review the fundamental financial components of PPA
- Examine the underlying risk factors that impact the value of a PPA
- Discuss a term sheet
- Evaluate fleshed-out PPA terms
- Assess the relationship between PPA price and value
- Discuss project production-related guarantees
- Identify the differences between the standard contractual parameters used for wind and solar contracts
- Review important data/telemetry requirements and SCADA/IT constraints
- Evaluate risk distinctions that especially apply to virtual/financial PPAs

INSTRUCTOR



Brian Morrissey
Managing Director, Citizens Solar

Brian Morrissey is a Managing Director at Citizens Solar, a division of Citizens Energy Corporation, a national developer and owner / operator of distributed generation and small utility scale solar projects. He founded Citizens' solar business in 2010 and is responsible for all solar related activities, including project origination, development, construction management, financing, and asset management. The company finances all of its projects with typical project finance structures and provides all sponsor equity for each portfolio. Prior to joining Citizens Energy Corporation, Mr. Morrissey was on the Global Power team at Cambridge Energy Research Associates (CERA), a leading energy consulting and research firm to international energy companies, governments, financial institutions, and technology providers. Before his tenure at CERA, Mr. Morrissey worked in GE Energy's central marketing and strategy group, and was an officer in the U.S. Army.

AGENDA

TUESDAY, APRIL 7, 2020

12:30 – 1:00 pm

Registration

1:00 – 1:15 pm

Overview and Introductions

1:15 – 5:00 pm

Program Content

(includes 15 min mid-afternoon break)

I. Understanding the Fundamental Financial Components of PPAs

II. Examining the Underlying Risk Factors that Impact the Value of a PPA

- Curves
 - o How market projections impact contract economics
 - o Traded curves (forwards) vs consultant curves (forecasts)
 - o Components of curve generation
- Shapes
 - o Timing of generation and delivery
- Hub
 - o Types of contracts available
 - o What happens when the same project offers to settle at a different hub?
- Penetration
 - o Relationship of value to installed renewable generation base
- Timing
 - o On-line date and tenor
 - o Generation and delivery schedule
 - o Relationship to other power generation in service pricing area
- Negative co-variance
 - o How does historical backcast impact contract value?

III. Term Sheet Review

- Key Commercial Terms
 - o Settlement point
 - o Curtailment risk
 - o Security
 - o Pricing and its sub-categories
 - o Etc

5:00 pm

Program Adjourns for Day

AGENDA

WEDNESDAY, APRIL 8, 2020

8:00 – 8:30 am

Continental Breakfast

8:30 am – 12:00 pm

Program Content

(includes 15 min mid-morning break)

IV. Evaluating Fleshed-out PPA Terms

V. Examining the Relationship Between Price and Value

- Price of the carbon benefit
- Net settlement
- Single project vs portfolio contract position(s)
- Mark-to-market (MtM) value of PPA over time as market conditions evolve

VI. Project Production-Related Guarantees: Understanding the Difference

- Availability
- Output and performance
- Forced curtailment
- Liquidated damages and termination rights
- Force Majeure

VII. Differences Between the Standard Contractual Parameters Used for Wind and Solar Contracts

12:00 – 1:00 pm

Group Luncheon

1:00 – 4:45 pm

Program Content

(includes 15 min mid-afternoon break)

VIII. Data/Telemetry Requirements and SCADA/IT Constraints

- Data needed from the project
- Method of access
- IT security constraints for both parties

IX. ISO/RTO-Specific Considerations

- Registration requirements
- Metering requirements
- Multiple PPAs from the same renewable energy project

X. Bi-lateral vs Wholesale Market-Based PPAs

XI. Risk Distinctions that Especially Apply to Virtual/Financial PPAs

- Credit
- Portfolio monitoring
- Curtailment risk
 - Proxy generation
- Production guarantees
- Availability guarantees
- Seasonal guarantees
- Fixed-quantity settlements
- Proper accounting treatment

XII.

The Symbiosis between Hedges and PPAs

4:45 pm



EVENT LOCATION

A room block has been reserved at **Hilton Garden Inn Denver/Cherry Creek**, 600 S Colorado Blvd. Denver, CO 80246, for the night of April 5-6, 2020. The room rate is \$140 plus applicable taxes. Call **1-303-262-8784** or [click here](#) for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is March 16, 2020 but as there are a limited number of rooms available at this rate, the room block may close sooner. **Please make your reservations early.**

IACET CREDITS



EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

EUCI is authorized by IACET to offer 1.0 CEUs for this course.

CPE CREDITS



EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.learningmarket.org.

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion. **EUCI is authorized by CPE to offer 10 credits for this program.**

There is no prerequisite for this course.

Program Level - Beginner **Group Method** - Live

REQUIREMENTS FOR SUCCESSFUL COMPLETION

Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

INSTRUCTIONAL METHODS

PowerPoint presentations and classroom discussion will be used in this course for each learning outcome.

To Register Click Here, or

Mail Directly To:

PMA Conference Management
PO Box 2303
Falls Church VA 22042
201 871 0474
Fax 253 663 7224
register@pmaconference.com

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PLEASE REGISTER

- BOTH COURSES: RENEWABLE ENERGY PPAs AND VALUATION OF PPAs COURSES**
APRIL 6-8, 2020: US \$2395
Early Bird on or before March 20, 2020: US \$2195
- VALUATION OF PPAs COURSE ONLY**
APRIL 7-8, 2020: US \$1395
Early Bird on or before March 20, 2020: US \$1195

ENERGIZE WEEKLY

Energize Weekly is EUCI's free weekly newsletter, delivered to your inbox every Wednesday. We provide you with the latest industry news as well as in-depth analysis from our own team of experts. Subscribers also receive free downloadable presentations from our past events.

Sign me up for Energize Weekly

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

Print Name | Job Title

Company

What name do you prefer on your name badge?

Address

City | State/Province | Zip/Postal Code | Country

Phone | Email

List any dietary or accessibility needs here

CREDIT CARD INFORMATION

Name on Card | Billing Address

Account Number | Billing City | Billing State

Exp. Date | Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx) | Billing Zip Code/Postal Code

OR Enclosed is a check for \$ _____ to cover _____ registrations.

Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before March 6, 2020 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices. EUCI reserves the right to alter this program without prior notice.