



EUCI Presents a Web Conference on:

HOW TO NEGOTIATE BIOMASS POWER PURCHASE AGREEMENTS

February 9, 2010



12:00 – 1:30 PM Eastern Time



EUCI is authorized
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Photo by: Greenpeace Finland

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OVERVIEW

The economics of a biomass-fired power project revolve around the pricing and terms of the power purchase agreement (PPA) between the project developer and the offtaker, and go well beyond the purchase and sale of energy. Negotiations also include the definition of, and the title to, renewable energy attributes, allocation of risks associated with curtailment and delineation of milestones and defaults, credit support and insurance.

Precise analysis of all the biomass attributes, especially the value of the renewable energy credits (RECs), is critical to estimating the total revenue stream available over the life of the project. In addition, the negotiating team must incorporate the impacts of the tax, accounting, and environmental benefits, financing models, and other economic factors impacting the developer, operator and offtaker.

The parties must decide who will bear the risk for losses that arise when the purchaser or transmission authority curtails generation from the project, whether for economic, system reliability, or system emergency reasons.

The PPA will usually require that the seller maintain specific insurance policies, and may include guaranties by credit worthy affiliates, cash collateral or escrow accounts, irrevocable standby letters of credit, or performance bonds. For their part, the seller will be looking for credit support and/or approval for rate recovery by the offtaker's regulator.

The negotiating team must evaluate the biomass supply agreements and pricing mechanisms.

Finally, consideration must be given regarding the technology being used and its performance attributes, warranties, and financing issues.

This webinar will cover methods to achieve business, legal, and strategic objectives in PPA negotiations for development stage or mature projects. It will explore physical power purchases based on model PPA provisions.

WHO SHOULD ATTEND

- Consultants, lawyers and finance professionals
- Lenders and potential investors in renewable energy resources
- Independent power producers
- Long term energy planners
- PUC staff and commissioners
- NGO's and green advocacy groups looking to foster renewable adoption
- Government staff responsible for green program strategy and planning
- Renewable and clean-tech project developers
- Utilities analyzing renewable options, particularly those focused on biomass to power

LEARNING OUTCOMES

- List and describe purchaser and seller objectives
- Classify and analyze pricing and payment methodology
- Distinguish default and cure processes
- Identify credit support arrangements
- Examine and appraise the impact of potential government development aids, grants, loan guarantees
- Analyze and distinguish fuel resource risks

IACET



EUCI has been approved as an

Authorized Provider by the International Association for Continuing Education and Training (IACET), 1760 Old Meadow Road, Suite 500, McLean, VA 22102. In obtaining this approval, EUCI has demonstrated that it complies with the ANSI/IACET Standards which are widely recognized as standards of good practice internationally.

As a result of their Authorized Provider membership status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standards.

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Requirements for completing webinar:

Participants must be logged in to the web conference for its entirety to receive continuing education credit.

Methods of Instruction:

Web based PowerPoint presentation and on-line interactive question/answer session.

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PROGRAM AGENDA

Purchaser's Objectives

- RPS, RECs, capacity and energy expectations
- Adequacy of seller's credit support
- Conditions precedent to purchaser's obligations
- Turbine manufacturer and technical issues, technical expert analysis and reports
- Interconnection and transmission issues

Seller's Objectives

- Financeability
- Adequacy of purchaser's credit support
- Firm purchaser commitment
- Interconnection, transmission and point of delivery

Principal PPA Features and Risk Allocations

- Title to energy products, RECs, carbon credits and future environmental attributes
- Definition, certification and tracking of RECs
- Pricing and payment methodology – Fixed capacity vs. delivered energy payments
- Fuel resource risks
- Commercial operation date criteria and phase-in arrangements
- Allocation of construction period risks
- Development milestones and liquidated damages for delay
- Early termination rights
- Allocation of potential government development aids, grants, loan guarantees
- Capacity incentive and penalty provisions
- Availability incentive and penalty provisions
- Scheduled and unscheduled maintenance outage allowances
- Force majeure risk allocations
- Events of default and cure processes
- Rights to potential new classes of credits
- Regulatory developments, ISO capacity allocations, imbalance penalty mitigation
- Credit support arrangements
- Calculation of termination settlements

INSTRUCTORS

Kevin P. Freeman, Senior Attorney, Alliant Energy Corporate Services, Inc.

Mr. Freeman is Senior Attorney at Alliant Energy Corporate Services. His practice areas include energy trading, fuel procurement, transportation, power purchase agreements, renewable energy credits, construction contracts, equipment purchase agreements and general commercial matters.

John L. Seymour, III, Of Counsel, Dorsey & Whitney LLP

Mr. Seymour is Counsel in the Finance and Restructuring Department and the Energy Practice Group. His practice is concentrated on finance and energy matters with a particular concentration on renewable energy. Mr. Seymour has over 15 years experience working on the acquisition, development and financing of wind, gas, municipal waste and biomass-fueled power plants and other infrastructure projects, both as an attorney and as a developer. Recent projects include wind projects in various stages of development throughout the western United States and the development of a 215 mile 345 kV transmission line in Texas. Mr. Seymour has led acquisitions of power plants both in the United States and internationally, as well as provided legal support to acquisitions of power plants. Mr. Seymour also has extensive experience in representing both borrowers and lenders in various financial transactions.

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INSTRUCTORS (CONTINUED)

Ann Seha, Of Counsel, Dorsey & Whitney LLP

Ann Seha represents a variety of clients in the areas of environmental law and public utility regulation. Her environmental practice areas include environmental review, permitting and compliance advice, administrative permit appeals, and enforcement actions. She also represents clients in general rate cases and other regulatory proceedings involving public utilities.

Select areas of concentration include climate change law, the Clean Air Act, state air quality regulation, and energy and public utility regulation.

Prior to joining the firm, Seha served as Assistant Commissioner for Air Policy with the Minnesota Pollution Control Agency, Director of Energy Policy at the Minnesota Department of Commerce, and as an Assistant Minnesota Attorney General. While with the Minnesota Attorney General's Office, Seha served in, and later managed, various divisions focused on either public utility or environmental regulation. Seha was the lead attorney who advised the Minnesota Pollution Control Agency on implementation of the landmark 1990 Clean Air Act Amendments.

LOGGING IN TO THE WEB CONFERENCE

After registration, each registrant will receive a confirmation of payment or an invoice, depending on method of payment. Each registrant will also receive an e-mail with appropriate login information and more information regarding the event 24 hours prior to the start of the event. To log on, you will need a Windows PC with a broadband connection and audio system.

WHAT IS A SINGLE SITE CONNECTION?

A site connection allows a single connection to the web conference. That connection is open to any number of users in a collaborative setting. Because there are no travel expenses and only a single registration fee is required, each additional participant lowers the cost per participant significantly.

By purchasing a site connection, you can invite as many people as you would like to view and participate in the session from a single location. Set up the session in a conference room and project the presentation and chat on a large screen. You also have rights to distribute copies of the presentation materials to everyone involved. Please note that audio is received via the computer sound system and must be broadcast to your group.

If for any reason a relevant stakeholder cannot co-locate for the session, we encourage you to include that person by purchasing an additional connection at the reduced fee of US \$195 per session. This will ensure that every member of a team receives the same relevant, timely information in the most efficient way.

If you have any technical or purchasing questions, please contact us at (201) 871-0474.

Start Time: 12:00 PM Eastern Time

United States Regional Start Times:

9:00 AM Pacific :: 10:00 AM Mountain :: 11:00 AM Central :: 12:00 PM Eastern

Use the time zone converter (<http://www.timezoneconverter.com/cgi-bin/tzc.tzc>) to find your correct start time.

