

Finance Energy
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ADVANCED PROJECT FINANCE

SCULPTING AND CIRCULAR REFERENCES

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ADVANCED PROJECT FINANCE MODELING

with Sculpting and Circular Reference Resolution

INTRODUCTION:

Advanced Project Finance Modeling with sculpting and circular references has a focused outline where participants focus on complex financing and conceptual issues as well as tricky programming issues.

The outline is intentionally short and focused.

PART 1: Circular references with copy and paste returns compared to using functions. Problems with functions in terms of complexity and how to fix the functions. Simple example with fees, function for resolving the IDC circularity function and function for solving the sculpting and taxes problem. Demonstration of how function can provide benefits when models are used for bidding.

PART 2: Use of formulas (NPV of debt service = loan amount) combined with excel techniques to solve various sculpting problems beginning with no tax and no fee case and moving to more complex cases.

PART 3: Understand how the LLCR can be used to compute debt sculpting if there is a debt to capital constraint. Demonstrate the importance of long-tenor even with the possibility of re-financing and model the effect of re-financing with different project IRR and debt structuring assumptions.

PART 4: Model cash sweep with waterfall concepts and demonstrate the meaning of PLCR and DSCR with different interest rates and multiple debt tranches that have different interest rates.

PART 5: Funding problem of IDC, fees and funded DSRA account along with EBL's. Demonstrate the effects of alternative funding with different construction delay and construction timing assumptions. Demonstrate how to incorporate a function in a relatively painless manner. Use the model to demonstrate the effects of EBL on equity IRR and on the amount of liquidated damages using different assumptions.

PART 6: Construction of effective scenario analysis in the context of structuring analysis to demonstrate the effect of alternative structuring parameters such as DSCR targets, debt tenures, credit spreads, debt to capital constraints and development fees

Develop the scenario analysis for effective presentation and use VBA rather than data tables. Use the scenario analysis to demonstrate the effects of alternative financing structures on the required bid in an IPP or PPP context.

PART 7: Construction of effective scenario analysis in the context of structuring analysis to demonstrate the effect of alternative structuring parameters such as DSCR targets, debt tenures, credit spreads, debt to capital constraints and development fees. Develop the scenario analysis for effective presentation and use VBA rather than data tables. Use the scenario analysis to demonstrate the effects of alternative financing structures on the required bid in an IPP or PPP context.

PART 8: Modelling of Balloon payment in sculpting context. Contrast balloon payment with mini- perm. Understand the circular reference that arises from the balloon payment. Also understand re-financing, cash sweep and letter of credit issues associated with the balloon payment. Include a cash sweep account associated with the balloon payments.

PART 9: Include DSRA in the modelling analysis along with option to use a letter of credit instead of the DSRA. Understand how to incorporate letter of credit fees on the DSRA in sculpting. Demonstrate alternatives for the difficult circularity problem with interest income or letter of credit fees. Model the pros and cons of a function relative to copy and paste macros.

PART 10. Address tax issues including tax loss carry forward and the treatment of shareholder loans. Model the effects of IDC on shareholder loan on the debt to capital constraint and on the debt sculpting if the shareholder loan allows tax deductions.

PART 11. Model alternative interest rate structures and different treatments of cash flow earned before the COD. Construction of Balloon payment in sculpting context. Contrast balloon payment with mini-perm. Understand the circular reference that arises from the balloon payment. Also understand re-financing, cash sweep and letter of credit issues associated with the balloon payment.

UNIQUE RESOURCES FOR FURTHER LEARNING AND RETAINING KNOWLEDGE

An essential part of the course is the provision of vast materials that can be used to re-enforce the concepts discussed during the workshops and to allow participants to engage in further studies. Materials include:

- ✓ Many featured models in electric power that fully resolve circular reference, rigorous structuring, customized scenario analysis and other features.
- ✓ Hundreds of focused exercises that highlight a variety of advanced financial issues.
- ✓ Framework of unique presentation of data and risk analysis including Monte Carlo simulations.
- ✓ Methods for extracting crucial data for financial and energy analysis with transparent macros that automatically update information.
- ✓ Unique tools to convert PDF files, format spreadsheet and enhance efficiency,
- ✓ Collection of comprehensive case studies, financial articles, contracts and models.

OPTIONAL EXCEL SESSION

The objective of this session is to assure that all participants, including people who do not routinely work with Excel, become familiar with the tools in Excel and work comfortably on the class exercises. The optional Excel session will cover short-cut keys, effective presentations, use of forms, one-way and two-way data tables, and look-up functions for scenario analysis.

THIS COURSE IS FOR:



RENEWABLE
ENERGY



OIL AND GAS



PPP AND
INFRASTRUCTURE

LOCATIONS

Locations can vary depending on requests.



■ IRELAND
DUBLIN

■ SPAIN
BARCELONA

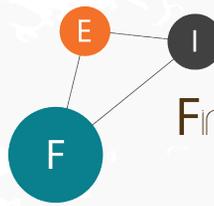
■ ITALY
ROME - MILAN - FLORENCE

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A Unique approach to financial modeling to improve analysis and reduce project risks.



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