



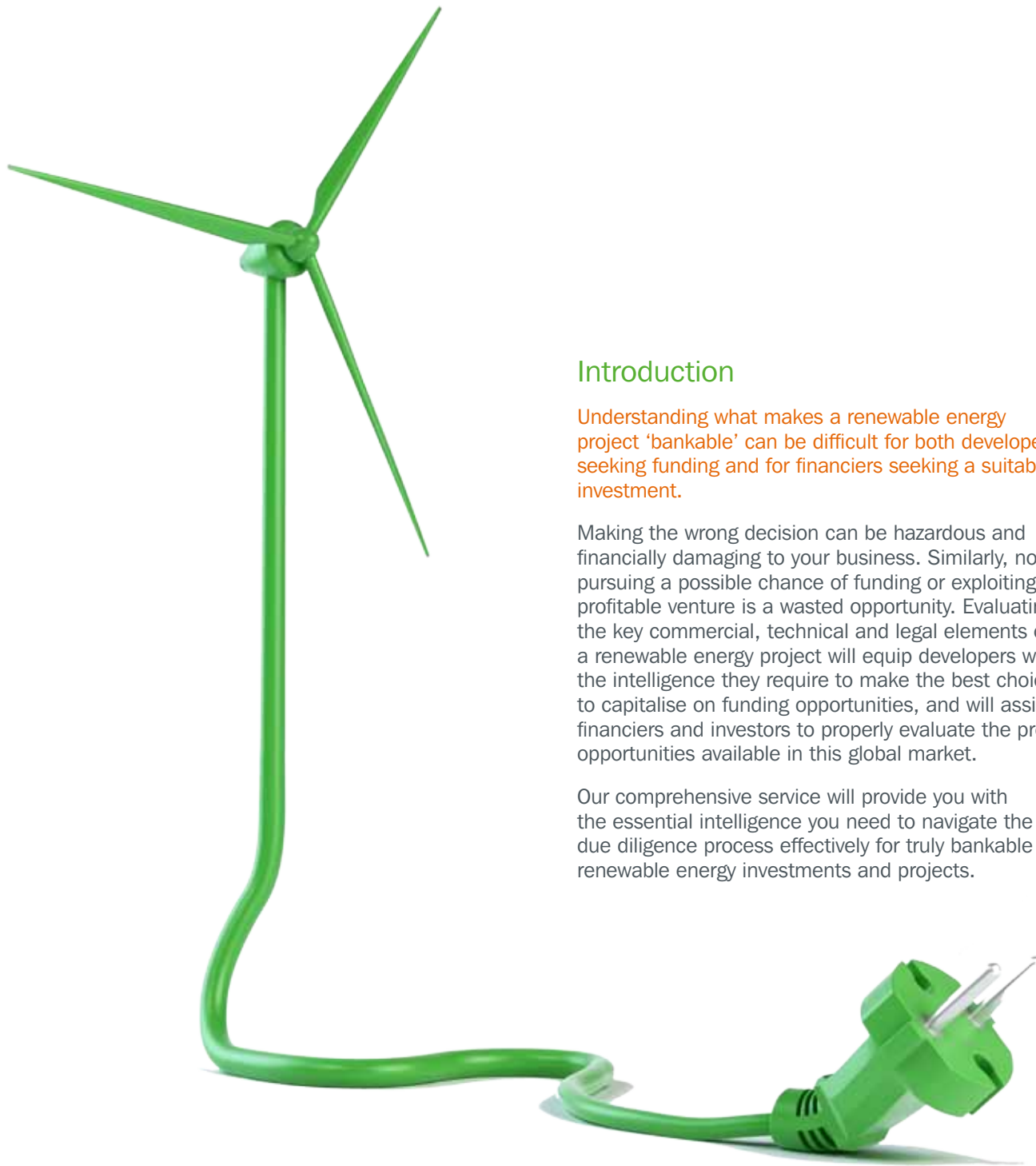
ITP & Lawrence Graham

Our Commercial, Technical and
Legal Due Diligence Capability
for Renewable Energy Projects





www.renewableduediligence.com



Introduction

Understanding what makes a renewable energy project 'bankable' can be difficult for both developers seeking funding and for financiers seeking a suitable investment.

Making the wrong decision can be hazardous and financially damaging to your business. Similarly, not pursuing a possible chance of funding or exploiting a profitable venture is a wasted opportunity. Evaluating the key commercial, technical and legal elements of a renewable energy project will equip developers with the intelligence they require to make the best choices to capitalise on funding opportunities, and will assist financiers and investors to properly evaluate the project opportunities available in this global market.

Our comprehensive service will provide you with the essential intelligence you need to navigate the due diligence process effectively for truly bankable renewable energy investments and projects.

Overview

LG and ITP together provide an unparalleled combined offering for our clients, with LG's wealth of experience in advising funders and corporates on the legal and contractual aspects of renewable energy projects and businesses which ideally complements ITP's longstanding and well recognised commercial and technical skills and experience.

We represent clients, not merely transactions. Our team is lean and focused and cuts through technical, commercial and legal issues with an efficiency and rigour that many organisations are not able to deliver. We provide a timely, cost-effective, quality service by ensuring that each project is staffed appropriately based upon a detailed appraisal of our client's requirements and the transaction's needs. Our commitment to teamwork, to depth and breadth of expertise, and to service excellence enables us to implement effective strategies for each transaction.

Our team provides a completely integrated service to our clients. On each engagement, hand-picked individuals work together to form a seamless team skilled at advising on the issues at hand. With a single point of contact, and state-of-the-art electronic connections, we have an efficient working system which provides unparalleled client service.

We provide a wide range of services to our clients, with the scope of services reflecting whether we are instructed by funders or by developers of renewable energy projects.



ITP

ITP has in-depth, valuable knowledge of every renewable energy generation type and has offered impartial advice and project management experience to developers, the investment community and global institutions for decades.

Established in the UK in 1981 as IT Power, ITP now has a global network of offices in Africa, Australia, China, India and Latin America, in addition to its headquarters in Bristol and offices in London. The company has delivered more than 1,500 projects in over 120 countries.

Today ITP employs international experts across a range of engineering, technical, financial, policy, economic and business consulting disciplines to provide commercial and technical due diligence that you can trust.

We offer developer and investor focused feasibility studies and due diligence services. We apply our expertise to determine the feasibility and potential return of commercial ventures in renewable energy and provide technical and business advisory services to project developers and managers of clean energy and climate change related funds.

Our clients range from institutions such as the International Finance Corporation of The World Bank Group to business enterprises and some of the world's leading private financial institutions. In each such case, ITP provides them with a suite of advisory services to support their renewable energy investment activities.

Some of our past financial clients include: ABN Amro, Actis, Barclays Capital, Barings, Citigroup, Climate Change Capital, HSBC, Impax and Zouk Ventures.

A few of our corporate clients include: AES, BP, Coronation Power, Drax Power, Kyocera, Mitsubishi, NAPS, Rio Tinto, RWE and Shell.





LG

Lawrence Graham (LG) is a leading international law firm with offices in London, Moscow, Dubai, Singapore and Monaco. We also have extremely strong links in India (where local bar rules prohibit us from having a local office). Each of our offices has significant experience and track record in advising on renewable energy projects.

With over 70 partners, 200 lawyers and numerous strategic consultants, we offer clients legal and business solutions based on practical, commercial and sector focused advice. We are a full service law firm providing expert legal advice across all the disciplines in the renewable energy arena.

When it comes to understanding different legal systems, we have considerable experience of the differing requirements that apply in the world's key jurisdictions. Although our main office is in London, like our clients, the majority of our work is international. We service their full range of business needs across international markets with an emphasis on providing commercial and practical solutions.

In addition, we have very strong relationships with specialist law firms in all other major jurisdictions, many of which we work with on a very regular basis. These relationships enable us to deliver global legal and commercial advice using the right teams with the most appropriate expertise in each jurisdiction for the relevant renewable energy technology. As the General Counsel of one of our clients, a leading NYSE listed corporation operating in 120 countries, put it: "It is not important to me whether a firm has lots of foreign offices. It is important that they can deliver a first-class international service."

Our clients include renewable energy generators such as Marine Current Turbines and Clipper Windpower, funders such as Greenko Group plc and Good Energies and energy providers such as Green Energy.

Scope of Applications, Industries and Technologies

Our experience spans a wide range of renewable energy technologies, including:

- Biomass
- Biogas
- Energy efficiency design
- Heat pumps
- Rural electrification
- Solar (PV, CSP and CPV)
- Small and micro hydro
- Wave
- Onshore and offshore wind
- Energy from waste, and
- Tidal (barrage, range and stream)

International Coverage

Our teams are international in both their outlook and locations. In addition to our resources in the UK, India, China, Latin America, the Caribbean, Singapore, Australia, the Middle East and Russia, we have close ties to leading advisers and partners in many other countries and regions including both North America and the South Pacific.

We have worked in over 120 countries across the globe and continue to offer excellence in our due diligence services regardless of geographic location.



Working with Developers and Generators of Renewable Energy Projects

Our due diligence service can support your organisation, with advice tailored to the jurisdiction, market and project life cycle, for example at the following stages:

- Start-up enterprises
- Proof of concept / research & development phase
- Manufacturing and roll out of products
- Various stages of investment from grants and early stage funding through to private equity and venture capital funding
- Acquisitions, disposals and other exit events

Working with Investors and Financiers

We regularly provide investors with advice based on the key aspects of legal, commercial and technical due diligence associated with specific renewable energy companies, a particular project, or a portfolio of projects.

Our clients include multinational corporations, international banks, state owned enterprises, hedge funds, investment funds and other financial institutions, as well as wealthy individuals with global investments.

In addition to general due diligence related services, common areas of advice and guidance include:

- Project identification
- Company first stage engagement
- Structuring deals
- Acquisition
- Contracting
- Portfolio review
- Financial recommendations



Scope of Due Diligence

The depth and scope of the due diligence will vary depending on the client's needs and the nature of the transaction and we always discuss such matters with the client at the outset of the transaction. We also confirm how the client wishes the findings to be presented.

Some of the main aspects of due diligence on which we frequently advise include commercial, technical and legal due diligence, as described in more detail below.

Commercial and Technical Due Diligence

Investment in renewable energy projects requires a sound understanding of the risk profile over the life of a project. We are experts in providing technology appraisals and assessments on the financial and commercial aspects of renewable energy developments. These due diligence undertakings determine the risks associated with particular projects or technologies.

In assessing the feasibility of a project, we are able to offer commercial and technical due diligence on macro and micro level areas, including:

Commercial Due Diligence:

- Credibility of technical and financial claims
- Market analysis
- Market conditions
- Data room analysis
- Economic modelling
- Project identification
- Project management
- Policy assessment (energy, fiscal and legal)
- Regulatory approval advice

Technical Due Diligence:

- Civil, mechanical, electrical design analysis (specialists for wave and tidal technologies)
- Evaluation of resource modelling claims
- Grid interface
- Power generation estimates
- Technical analysis and review
- Technical due diligence
- Technology feasibility and appraisal

These factors are critical to validating project claims and the bankability of an investment into technologies or a project portfolio. For this reason, we review data, risks and value from both a technical and commercial perspective, drawing upon our experience of having designed, developed, consented and deployed hundreds of projects.

We offer independent advice for renewable energy developers and investors. The services we provide to banks and investment funds includes carrying out data room activities and offering full due diligence reports. We have also advised local government agencies and developers on the viability of proposed projects.



Legal Due Diligence and Related Advice

Reviewing key commercial contracts:

- Ensuring that all material contracts are in place.

For example:

- Supplier contracts
- Site Agreements
- Operators agreements
- Off-take arrangements and power purchase agreements
- Grid connection contracts
- Subcontractor arrangements
- Service level agreements

- O&M contracts
- Outsourcing arrangements
- Standard terms of business

This might seem a basic level exercise but its importance should not be under-estimated. Identifying when a contract is missing requires an understanding of the contractual matrix which should underpin the relevant business or project and that understanding can only be achieved through sector knowledge and experience.

- Ascertaining whether the terms of any material agreements give rise to concern (such as initial term of the contract, termination periods and potential exposure to liabilities).

- Investigating whether relevant intellectual property (IP) protection is in place, including identifying the possible forms of protection, the current IP strategy, the status of registrations and applications, and any ownership and licensing arrangements. This exercise is particularly important where the technology is less developed and an investment decision is primarily based on potential rather than proven delivery: we are experienced in conducting due diligence on such businesses.
- Reviewing the corporate structure for projects to ensure that it is as expected, from both a business perspective and a legal viewpoint.
- Investigating any actual or potential disputes.
- Ascertaining whether all necessary consents, permits and licences are in place (including planning, environmental and regulatory approvals).
- Reviewing employment terms and service contracts.
- Ascertaining whether a project is generally 'bankable', such advice being tailored where appropriate to the funder's risk profile. Less developed countries pose questions as to the 'bankability' of a project that do not arise in more developed countries in certain areas including political risk, and we have a good understanding of the need to assess areas relating to the legal and regulatory framework, expropriation risk, FCPA compliance and similar concerns in these countries.

Beyond Due Diligence

If the client wishes to proceed with a transaction following the conclusion of the due diligence exercise, we are well equipped to provide strong expertise in project management including supervising complex transactions, liaising with numerous parties and endeavouring to ensure that each stage of the transaction is completed in accordance with the agreed timetable.

In circumstances where a particular project requires financing, we have a wealth of experience in advising on a broad spectrum of possible funding arrangements, including the drafting and negotiation of equity and debt financing documentation and suitable security arrangements.

We are also able to advise on national and international structuring and tax planning issues to ensure that a project and group are structured in a tax efficient manner.

We have strong links with funders and corporate finance houses and if required can often make suitable introductions to developers.

Once a project has been funded, we can offer implementation support and project management.



Contact us

To find out how our comprehensive due diligence service can assist your investment decisions and process, contact us for an initial discussion.

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