
From: Olsen, Michael [mailto:Michael.Olsen@anz.com]
Sent: Tuesday, 25 August 2009 7:32 AM
To: Forward, Troy
Subject: RE: Investors/Bankers view on Early Certification

Hi Troy

Thanks for contacting me about this and feel free to do so again in future.

I agree with the change and with the rationale in the IMO's initial rule note. Banks expect to see conditional certification as a sign the deal will progress, but we wouldn't generally be funding with project risk such as this unless certification was confirmed, as a minimum i.e. allocation of capacity is a superior driver. What this means is that whilst debt might commit to a project, it won't generally be putting money out the door until certification is confirmed. In a worst case scenario, debt commitments might collapse if you can't get the confirmation within an agreed timetable, meaning equity may have committed and be substantially spent but the debt would be tied to the IMO. This provides a higher level of equity risk, even if you and your counterparties are confident that a deal ticks the boxes.

Banks generally structure around regulatory risk (including approvals, IMO etc.) and ensure that that is put to equity.

Anything you can do to support customers in the market by confirming certification or even allocation will assist in the provision of debt.

More generally, as an islanded market, this change will maximise the technology choices available to you and your Generators. With this in mind the change seems wise.

Michael

From: Forward, Troy [mailto:Troy.Forward@imowa.com.au]
Sent: Tuesday, 28 July 2009 1:06 PM
To: Olsen, Michael
Subject: Investors/Bankers view on Early Certification

Hi Michael,

Thankyou for talking with me about the early certification rule change that we are assessing at the moment. The proposal as it currently stands is designed to allow early access to Capacity Credits for units which have lead times longer than are provided for under the current mechanism. I would really appreciate any views or comments you might have from an investor's perspective about this rule change.

http://www.imowa.com.au/Attachments/RuleChange/RuleChange_2009_10.html

Thanks in advance for having a look at this. I'd be keen to discuss any thoughts you might have.

Kind regards
Troy

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