



Conference on

TRANSMISSION FINANCE

Requirements, Challenges, Solutions & Strategies

March 15-16, 2012, Grosvenor House, London, UK

Hosted by:

Global **Transmission** Report

Information and analysis on the global electricity transmission industry

www.globaltransmission.info

MISSION

The electricity transmission industry is in an expansion phase the world over, after a long period of low investment and sluggish growth. The move towards more liberalised and unbundled electricity operations, increasing demand for power, growing remote generation resources, increasing attention to grid reliability and security of supply, and the need to replace ageing assets have provided a new perspective on transmission investment. This trend is being reinforced with the adoption of explicit regulatory and policy initiatives aimed at stimulating transmission financing.

There is also a change in the way the electricity transmission business is viewed. Transmission is evolving from a “support activity” handled by integrated utilities to a stand-alone business, which is critical to the operation of the grid. The good news is that the financing community is generally supportive of these developments as they create a more focused and transparent environment for investors. While the new transmission structure is still in its infancy, thinking is emerging that traditional modes of financing may not be able to keep pace. Private investors are expected to play a much bigger role in bridging the gap. Non-traditional sources of finance such as private equity, and infrastructure and pension funds are beginning to target transmission businesses.

Technology and innovation are providing an impetus to transmission financing. Declining equipment costs are making it easier to mobilise funds for transmission projects. Meanwhile, strategies are being designed to finance and support new smart grid applications and asset management practices.

These regulatory and market forces are compelling transmission businesses to achieve operational excellence and still realise revenue targets. In many economies, they are also creating divestiture and M&A opportunities. Performance evaluation and benchmarking have become essential under the emerging industry structure and are important tools for incentive regulation. However, inadequate regulatory remuneration threatens credit ratings and impacts the financing capability of transmission operators.

In response to these developments, **Global Transmission Research** is organising a conference on “**Transmission Finance**” on **March 15-16, 2012** at **Grosvenor House** in London, UK. **The objective of the conference is to explore the issues that impact transmission investment, and evaluate the available and emerging options to finance the required infrastructure.** The conference will provide an understanding of the emerging thinking on how the transmission business is viewed and financed.

This will be the first-of-its-kind industry meet to discuss issues, understand changing business and market structures, evaluate options, gain knowledge and identify potential solutions for financing the next wave of transmission development.

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WHO SHOULD ATTEND?

The conference is expected to draw participation from:

- ❖ Transmission grid operators/companies
- ❖ Bankers, investors and financiers
- ❖ Credit rating agencies
- ❖ Regulators and policymakers
- ❖ Renewable energy developers
- ❖ Equipment manufacturers and technology vendors
- ❖ Research and development organisations and individuals
- ❖ Technical institutions
- ❖ Industry consultants
- ❖ Industry lawyers.

This conference is relevant for participants from both matured economies with already unbundled electricity businesses and from developing countries that are expected to do so and hence seek solutions.

KEY BENEFITS TO PARTICIPANTS

The two-day conference will have focused sessions and discussions to:

- ❖ Learn from speakers representing a wide spectrum of expertise, opinion and perspectives
- ❖ Identify the policy issues impacting transmission expansion
- ❖ Understand the effects of cost allocation and pricing methods on transmission expansion and financing
- ❖ Analyse traditional financing methods and emerging options
- ❖ Understand lenders' viewpoints on transmission financing
- ❖ Examine how renewable energy development impacts the associated transmission financing
- ❖ Assess merchant transmission models as opportunities to overcome financing obstacles
- ❖ Determine the changing technology costs and their impact on financing
- ❖ Review relevant benchmarking tools and practices
- ❖ Gain insight into the transmission asset valuation process and practices
- ❖ Know the legal aspects of financing
- ❖ Understand the ratings procedure for transmission businesses.

AGENDA (Tentative)

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DAY 1: Thursday, March 15, 2012

Session	Time	Topics	Key questions to be addressed
	8:00–9:00	Registration and tea/coffee	
Introduction and Trends in Transmission Financing	9:00–9:15	Emerging needs and trends in transmission financing	What have been the past trends in transmission investment? What are the expected investment requirements? What are the emerging trends in financing transmission projects?
Regulatory and Policy Issues	9:15–10:30	Impact of regulation and policy on transmission financing	What are the regulatory and policy implications on transmission financing? What are policymakers doing to support future investment needs? What more needs to be done?
		Transmission pricing models	What are the efficient models of transmission pricing in a liberalising environment? What are the learnings for the emerging economies?
		Cost allocation issues	How can contentious cost allocation issues be resolved? What works and what does not?
		Case studies	How can regulators improve investor confidence? What incentives can aid the financing of transmission projects? What initiatives can expedite the approval process and reduce costs?
		Changing structure of the transmission sector and its implications on financing	What does ownership and operational unbundling imply for transmission financing? How are newly restructured entities coping with financing challenges?
	10:30–10:45		Q&A with the panel
Break	10:45–11:00		Tea/Coffee break
Emerging Sources of Financing and Financial and Business Models	11:00–12:45	Analysis of traditional and emerging sources of financings - project versus corporate finance	What are the emerging sources of financing - IPOs, bonds, infrastructure funds? What are the key factors in financing decisions?
		Emerging financial models/options and business structures	What are the emerging models/options (PPPs, auctions, concessions, JVs, independent transmission utilities) for financing transmission expansion? What are the recent trends?
		Opinion and support of multilateral agencies	What drives transmission financing by these agencies in Europe and in developing economies?
		Relevance of merchant transmission	How relevant is the merchant transmission model for Europe and developing countries?
		Lenders' position, analysis and outlook	What challenges are perceived by investors given the changing transmission sector structure? What are they looking for? What is their outlook on transmission financing?
		TSO position and perspectives	What is the experience of and issues faced by TSOs in financing transmission? What are the learnings for new transmission operators?
		Case studies	Recent experience of transmission financing in Europe and Asia, and key learnings
	12:45–13:00		Q&A and discussion with the panel
Break	13:00–14:00		Lunch
Financing Interconnections	14:00–15:30	Key issues and emerging options	What are the key issues in funding cross-border and regional interconnections? How can these be resolved? What financing options are available?
		European Commission's initiatives in funding key projects	What is the European Commission doing to aid funding of key projects? What are the learnings for other countries?
		Case study (Europe)	What are the innovative ways to finance key cross-border transmission infrastructure?
		Case study (Africa)	What is being done to enhance regional energy cooperation in emerging economies?
	15:30–15:45		Q&A and discussion with the panel
Break	15:45–16:00		Tea/Coffee break
Implications of Renewables on Transmission Financing	16:00–16:45	Integrating renewable resources and their impact on transmission financing	How are renewables affecting transmission financing structures and costs? What is needed to enable financing of transmission related to renewables?
		Financing transmission for offshore renewables	How is transmission for offshore renewables being financed?
		Case study (North Sea or Krieger's Flak)	
	16:45–17:00		Q&A and discussion with the panel
	17:00–17:15		Open floor and wrap-up
	17:15		Close of Day 1
	18:15		Cocktails

AGENDA (Tentative)

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DAY 2: Friday, March 16, 2012

Session	Time	Topics	Key questions to be addressed
	8:00-9:00	Networking and tea/coffee	
	9:00-9:10	Recap of Day 1 and introduction to Day 2 agenda	
Revenue and Profitability Trends	9:10-9:30	Key trends in revenue and profitability of the transmission business	What are the key trends in revenue and profits of the transmission businesses?
		Key trends in technology deployment and costs, and future outlook	What are the key trends in technology use and its impact on project financing? How have costs of equipment changed?
		Trends in asset management and maintenance and replacement costs	What are the key trends in maintenance, repair and replacement? How has asset management planning evolved in recent times? How have the TSOs been impacted?
Technology Costs and Impact on Financing	9:30-11:15	Smart grid costs	Is the transition towards smarter grids increasing the cost of borrowing? What is the lenders' view on this?
		Technology costs of integrating renewables	What is the impact of technology costs of integrating renewables on transmission funding?
		Viewpoint of vendors, TSOs and lenders	What is the viewpoint of each of these parties on technology costs and their impact on financing?
	11:15-11:30		Q&A with the panel
Break	11:30-11:45		Tea/Coffee break
		Benchmarking for regulatory compliance	What new practices and models are being followed and how do these help regulators to assess performance and provide incentives?
Benchmarking Transmission Business	11:45-12:45	Capex and opex benchmarks for TSOs	What are the existing methods for capex and opex benchmarking and what is the new thinking? How is it likely to change under new structures?
		Business performance benchmarks	What is the relevance of benchmarking for financing?
		Benchmarks in transmission asset management	What are the latest practices?
	12:45-13:00		Q&A with the panel
Break	13:00-14:00		Lunch
		Emerging M&A and divestiture trends and outlook with regard to the transmission segment	Are regulatory and market forces leading to M&As and divestitures? What is the outlook? What are the various aspects of asset valuation?
		Private equity interest in the transmission business	What are the key parameters in transmission business valuation? What do lenders seek?
Asset Valuation	14:00-15:30	Key issues and models of transmission asset valuation Recent case study Legal aspects of asset valuation and financing	
	15:30-15:45		Q&A with the panel
Break	15:45-16:00		Tea/Coffee break
Rating Transmission Business	16:00-16:30	Rating models and relevance for financing	What are the issues in getting a finance grade rating? How can ratings of TSOs be improved? What role does the regulator/government play in this?
		Experience of a new TSO	
	16:30-16:45		Q&A and discussion with the panel
	16:45-17:00		Open floor and wrap-up
	17:00		Close of Day 2

ABOUT THE ORGANISERS

Global Transmission Research is a leading provider of information and analysis on the global electricity transmission industry. We publish newsletters and reports. We also organise conferences on crucial issues and topical themes relevant for the transmission industry.

We publish the **Global Transmission Report** (a monthly newsletter) and **Global Transmission Weekly** (a weekly update). We also operate the website www.globaltransmission.info. These products and services provide information on all the key developments, trends and issues in the sector. They track major projects, contracts and investments. They profile leading transmission system operators and report on regulatory initiatives. They also provide the latest data and statistics on the sector.

We recently published a report titled **Global Electricity Transmission Report**, which profiles the electricity generation and transmission sectors of the top 101 countries. This report describes the existing state of, and the expected growth in, the electricity industries of these countries in terms of generation and transmission capacity. It briefly examines the major regulatory, technological, and financing developments and trends over the past few years. It also analyses the key growth drivers and challenges, and assesses the outlook for the global transmission industry.

In June 2011, we organised our first conference on "**Grid-Scale Energy Storage**" at Hotel Metropole in Brussels, Belgium. The conference received a strong response from both speakers and delegates.

Our clients include leading organisations across the world such as **EU GIG OÜ, ABB, Siemens, Alstom, GE Energy, Tractebel Engineering, ESB International, State Grid International Development, International Energy Agency, European Investment Bank, Nexans, Bechtel, Mott MacDonald, Balfour Beatty, Pöyry, Nexant, SNC-Lavallin, MidAmerican Energy Holdings Company, Maxwell Technologies, Power Grid Corporation of India Limited, Red Eléctrica de España, Terna, Elia, Reliance Energy, KEC International, Swissgrid, Brookfield, Statnett, Boston Consulting Group, El Sewedy Cables, National Contracting Company, Energinet, Energostroyaladka, CTEEP, EdF, Hyosung, AltaLink, Suez-Tractebel, MWB Shanghai, Xcel, Teshmont, Vattenfall, Dow Chemicals, Alberta Electric System Operator, AIC-USA, Hubbel Power Systems, Efacec Energia, ISA Interconexion Electrica, Israel Electric Co., Trade Wind, Hythro Power, BHP Billiton, Eskom, EFACEC, UB Engineering, PJM Interconnection, BKW FMB Energie AG, Thomas & Betts Corp, Fraunhofer-Institut für Umwelt-, Sicherheits- und Energietechnik UMSICHT, Cardiff University, ABEINSA, European Commission (Institute of Energy and Transport), KEMA, Volta River Authority, etc.**

SPEAKERS

The confirmed speakers so far include (in alphabetic order):

- ❖ *Dr Jean-Marie Bermtgen, Directorate General, European Commission*
- ❖ *Pierre Bernard, Head of Business Development, Elia Group*
- ❖ *Glenn J. Berger, Partner – Energy & Infrastructure Projects, Skadden Arps*
- ❖ *Dr Gregor Czisch, University of Kassel*
- ❖ *Julia Frayer, Managing Director, London Economics International*
- ❖ *Sean Gammons, Associate Director, NERA Economic Consulting*
- ❖ *Udo Giegerich, Chief Financial Officer, 50Hertz Transmission*
- ❖ *Dr Frank Peter Hansen, Bundesnetzagentur*
- ❖ *Oliver John, Economic Grid Management, Amprion GmbH, Germany*
- ❖ *Jason Mann, Associate Director, Frontier Economics*
- ❖ *Guido Mattei, General Director, European Consulting Brussels*
- ❖ *Liam O'Keefe, Managing Director, Credit Agricole CIB*
- ❖ *Dr Charlotte Ramsay, Head of European Strategy, OFGEM*
- ❖ *Oliver Schuh, Director – Energy & Utilities Group, Fitch Ratings*
- ❖ *Chris Veal, Managing Director, Transmission Partners*
- ❖ *Mike Wilks, Principal Consultant, Poyry Management Consulting*
- ❖ *David Wong, Head of European Infrastructure and Utilities Team, Macquarie Capital*

DELEGATE FEES

The delegate fee is EUR1,800 (USD2,400 or GBP1,530) for one participant, EUR3,000 (USD4,000 or GBP2,550) for two, EUR4,200 (USD5,600 or GBP3,570) for three and EUR5,400 (USD7,200 or GBP4,590) for four.

The delegate fee is inclusive of VAT.

HOTEL INFORMATION

Grosvenor House, A JW Marriott Hotel

Park Lane, London,

W1K 7TN United Kingdom

Tel: +44 (0) 20 7399 8080

DELEGATE FEES

Delegates	Price
One delegate	€1,800 or \$2,400 or £1,530
Two delegates	€3,000 or \$4,000 or £2,550
Three delegates	€4,200 or \$5,600 or £3,570
Four delegates	€5,400 or \$7,200 or £4,590

*The delegate fee is inclusive of VAT
(Fee includes lunch, tea/coffee on both days of the conference and cocktails on first evening.)*

REGISTRATION FORM

I would like to register for the conference

Please send me more information

NAME/DESIGNATION _____ COMPANY _____

MAILING ADDRESS _____

PHONE _____ MOBILE _____

FAX _____ EMAIL _____

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TERMS AND CONDITIONS

Payment Policy

Full payment must be received prior to the conference. Payment can be made in Euro (€) or US dollars (\$) or GBP (£)

Cancellations

- Cancellations received in writing 30 days (February 15) before the date of the conference will receive a full refund, minus a service charge/administration fee of €150. **We regret that no refunds will be made for any cancellations received less than 30 days prior to the conference.**
- Substitutions/name changes are welcome at no extra charge. Please send these in writing at least two days prior to the conference.
- **Disclaimer:** Global Transmission shall assume no liability whatsoever in case the event is postponed or cancelled due to a fortuitous event or unforeseen occurrence that renders the performance of this conference impracticable, illegal or impossible. For purpose of this clause, a fortuitous event shall include, but not be limited to: war, fire, labour strike, extreme weather or other emergency. Global Transmission's responsibility is limited to return of the registration fee only and is not liable for any cost in relation to travel and accommodation.
- Please note that it may become necessary for reasons beyond the control of the organisers to make alterations to the content and timing of the programme or speakers.

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