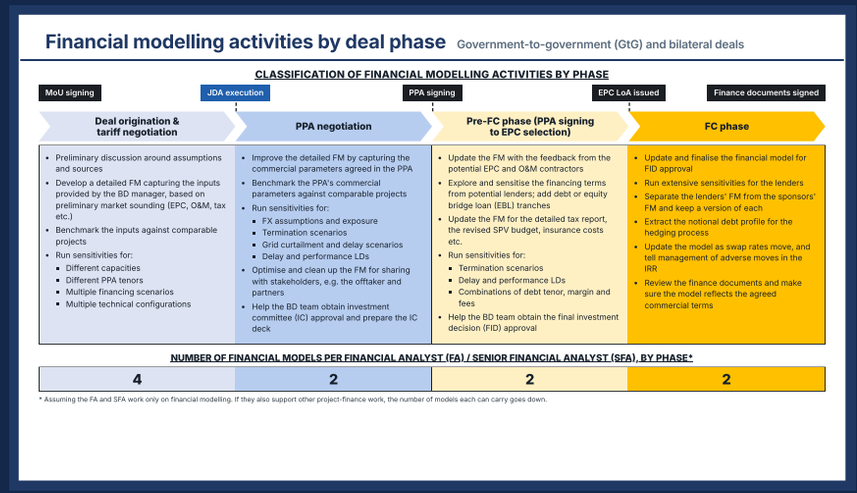
GUIDE · 2 PAGES

Financial modelling activities by deal phase

What the financial model does from MoU to financial close — the sensitivities, the approvals and the models one analyst can carry in each phase.



Financial modelling activities by deal phase Government-to-government (GtG) and bilateral deals

CLASSIFICATION OF FINANCIAL MODELLING ACTIVITIES BY PHASE

MoU signing	JDA execution	PPA signing	EPC LoA issued	Finance documents signed
Deal origination & tariff negotiation	**PPA negotiation**	**Pre-FC phase (PPA signing to EPC selection)**	**FC phase**	
• Preliminary discussion around assumptions and sources • Develop a detailed FM capturing the inputs provided by the BD manager, based on preliminary market sounding (EPC, O&M, tax etc.) • Benchmark the inputs against comparable projects • Run sensitivities for: ▪ Different capacities ▪ Different PPA tenors ▪ Multiple financing scenarios ▪ Multiple technical configurations	• Improve the detailed FM by capturing the commercial parameters agreed in the PPA • Benchmark the PPA's commercial parameters against comparable projects • Run sensitivities for: ▪ FX assumptions and exposure ▪ Termination scenarios ▪ Grid curtailment and delay scenarios ▪ Delay and performance LDs • Optimise and clean up the FM for sharing with stakeholders, e.g. the offtaker and partners • Help the BD team obtain investment committee (IC) approval and prepare the IC deck	• Update the FM with the feedback from the potential EPC and O&M contractors • Explore and sensitise the financing terms from potential lenders; add debt or equity bridge loan (EBL) tranches • Update the FM for the detailed tax report, the revised SPV budget, insurance costs etc. • Run sensitivities for: ▪ Termination scenarios ▪ Delay and performance LDs ▪ Combinations of debt tenor, margin and fees • Help the BD team obtain the final investment decision (FID) approval	• Update and finalise the financial model for FID approval • Run extensive sensitivities for the lenders • Separate the lenders' FM from the sponsors' FM and keep a version of each • Extract the notional debt profile for the hedging process • Update the model as swap rates move, and tell management of adverse moves in the IRR • Review the finance documents and make sure the model reflects the agreed commercial terms

NUMBER OF FINANCIAL MODELS PER FINANCIAL ANALYST (FA) / SENIOR FINANCIAL ANALYST (SFA), BY PHASE*

4	2	2	2

* Assuming the FA and SFA work only on financial modelling. If they also support other project-finance work, the number of models each can carry goes down.

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• Preliminary discussion around assumptions and sources
• Develop a detailed FM capturing the inputs provided by the BD manager, based on preliminary market sounding (EPC, O&M, tax etc.)
• Benchmark the inputs against comparable projects
• Run sensitivities for:
  ▪ Different capacities
  ▪ Different PPA tenors
  ▪ Multiple financing scenarios
  ▪ Multiple technical configurations
	• Improve the detailed FM by capturing the commercial parameters agreed in the PPA
	• Benchmark the PPA's commercial parameters against comparable projects
	• Run sensitivities for:
	  ▪ FX assumptions and exposure
	  ▪ Termination scenarios
	  ▪ Grid curtailment and delay scenarios
	  ▪ Delay and performance LDs
	• Optimise and clean up the FM for sharing with stakeholders, e.g. the offtaker and partners
	• Help the BD team obtain investment committee (IC) approval and prepare the IC deck
		• Update the FM with the feedback from the potential EPC and O&M contractors
		• Explore and sensitise the financing terms from potential lenders; add debt or equity bridge loan (EBL) tranches
		• Update the FM for the detailed tax report, the revised SPV budget, insurance costs etc.
		• Run sensitivities for:
		  ▪ Termination scenarios
		  ▪ Delay and performance LDs
		  ▪ Combinations of debt tenor, margin and fees
		• Help the BD team obtain the final investment decision (FID) approval
			• Update and finalise the financial model for FID approval
			• Run extensive sensitivities for the lenders
			• Separate the lenders' FM from the sponsors' FM and keep a version of each
			• Extract the notional debt profile for the hedging process
			• Update the model as swap rates move, and tell management of adverse moves in the IRR
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