

THE PLANT OPERATOR

The project will be run by an operating company under a contract with the project developer. In many cases, these two players are actually part of the same company. The plant operator should be involved in the project at an early stage because it is in a position to make a considerable contribution to the design. This will help to ensure that the plant is designed with an emphasis on operating efficiency.

LENDERS

Project shareholders contribute equity, but usually not more than 25 percent of total capital costs. Lenders provide the balance. They usually require an assignment of long-term contracts between project developers and their customers and/or suppliers. For the lenders, the user fee agreements are the most important because they guarantee project revenue. Agreements with suppliers ensure that project costs will not get out of control.

PURCHASERS OR CUSTOMERS

In order to secure financing, any build-operate-transfer (BOT) project must have solid agreements with purchasers or regular customers of the project. Purchase agreements for the life of the project address the concerns of lenders that there will be revenue generated from the project to service the debt.

INSURERS

Insurance can offset some of the risks. It is helpful to bring in insurance advisors at an early stage to consider when insurance might be obtained, and what type is available. Insurance, however, does not reduce the need for the project agreement to properly identify and assign risks to the various players.