



PRINCIPLES OF VALUATION IN THE POWER SECTOR

A comprehensive introduction to
valuing utility assets and companies

April 10-11 • New York, NY
September 5-6 • Denver, CO
November 28-29 • Houston, TX

"Overall, an excellent way to learn a lot in a short time."
Analyst, Direct Energy

Presented by

 **SNL** Center for Financial Education

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Valuation is never a simple exercise, but the complexity and regulation of the power industry makes the challenge extraordinary. You need to know not just the basics of valuation, but also how to adjust the process to account for the unique characteristics of the sector.

Valuation in the Power Sector – unlike generic valuation courses – focuses specifically on utilities and power assets. The methodologies and techniques you learn have direct application to the industry, getting you up to speed fast.

And, over the course of two days – in lectures, discussion and case studies – Valuation in the Power Sector provides the background, perspective and tools you need to value individual assets and whole companies with confidence.

Led by an accomplished practitioner with over 15 years of experience valuing hundreds of power plants and utilities, you'll leave the course knowing the essential concepts and methodologies it takes to succeed.

WHAT YOU'LL GAIN:

- Familiarity with valuation frameworks specific and practical to the U.S. power sector
- Insight to understanding the value drivers for tangible and non-tangible valuations
- The skills to perform due diligence of valuation assumptions
- The ability to apply cost of capital assignments for different assets in different environments

THIS PROGRAM IS DESIGNED FOR:

- Finance, corporate development/strategy, and investor relations professionals at power and gas companies
- Professionals in investment banking, project finance, asset management, hedge funds, or equity/fixed income research
- Consultants, accountants and lawyers who advise power and gas clients
- Current and potential investors, suppliers, or professionals looking for a basic understanding of how Wall Street analyzes the power and gas sector and the fundamentals that bear on their analyses

INSTRUCTOR: James W. Bowen

Jim Bowen is President of Momentum Development Corporation, which provides advisory and management services to clients in the energy sector, including banks, investment funds, and principal investors.

As a veteran consultant in the energy industry, he has valued hundreds of power plants, integrated utilities, transmission and distribution systems, power purchase agreements, tolling agreements, options, and midstream and downstream energy assets.

Jim regularly taught in-house for McKinsey & Company and was an adjunct faculty member at the U.S. Military Academy at West Point.

He holds a J.D., cum laude, from the Harvard Law School, an M.Sc. in Financial Management from the University of London, and a B.S. in Economics from the U.S. Military Academy.

DAY ONE

Registration and continental breakfast open at 7:45 a.m.
Session begins at 8:30 a.m.

Introduction and Overview

Valuation of a Single Plant: Discussion

- Discounted cash flow modeling of power assets
- Revenue drivers, including forward strips vs. predicted spot prices; implied heat rates
- Plant costs, including fixed costs, depreciation, and fired hour costs; other non-cash items; application of initial and ongoing capital expenditures
- Calculating terminal value and computing discount rates

Other Valuation Techniques: Comparables and Multiples

- Application and use of transaction and market peer comparables and multiples to single plant valuation

Case Study

Discounted case flow models and assumptions

Other Valuation Techniques: Real Options

- Examine real options, including growth, market switching, and fuel switching options, and how to apply them to plant valuation
- How could the plant be used outside of routine operations?

Valuation of other generation assets: Hydro, Nuclear, Coal, Renewables, and Peaking Assets

- A look at the fuel costs, capital costs, and unique operational costs of each type of generation asset.

Day One concludes at approximately 5:00 p.m.

DAY TWO

Continental breakfast opens at 8:00 a.m.

Session begins at 8:30 a.m.

Valuation of a Regulated Utility

- Overview of key valuation techniques, including value drivers, capital structure, and techniques for finding data to be used as inputs for valuation models

Valuing Transmission and Distribution Businesses and Assets

- Regulated rate of return, customer service costs, reliability and operating risk, rate base assets, fuel cost recovery and cost-sharing formulas

Valuing Regulated Generation Assets

- Recovery of environmental compliance costs, off-system sales (decoupling), and fuel cost management

Putting the Pieces Together: Valuing an Integrated Utility

- Financial flows, energy balances, corporate overhead

Case Study

Testing whole company models and assumptions

M&A and Regulatory Considerations

- Estimating synergies between merged or acquired companies
- Accounting for regulatory requirements for approval, including impact on valuation of anticipated rate reduction

Regulatory Value Drivers

- Including recoverable vs. non-recoverable expenditures, stranded assets, multi-jurisdictional challenges, and allowable rate of return

Valuing Power Purchase Agreements (PPAs) and Tolling Agreements

- Understanding PPAs, tolling agreements, steam contracts, and similar financial arrangements

Day Two concludes at approximately 5:00 p.m.

ALSO OF INTEREST IN THE POWER SECTOR

Essentials of Regulatory Finance

snlcenter.com/ERF

Analyst Training in the Power and Gas Sectors

snlcenter.com/PGAT

Power Risk Analysis Workshop

snlcenter.com/POWERRISK

Utility Rate Case Symposium

snlcenter.com/RCD

ABOUT SNL CENTER FOR FINANCIAL EDUCATION

An affiliate of SNL Financial, SNL Center for Financial Education is a leading developer and producer of conferences and seminars for professionals who focus on the energy, banking, insurance, real estate and media sectors. Website: www.snlcenter.com.

WHEN AND WHERE

April 10-11 • New York, NY

September 5-6 • Denver, CO

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For more information on venue and accommodations see the 'Location' page of the program website: www.snlcenter.com/powerval

HOW TO REGISTER

Online: www.snlcenter.com/powerval

By phone: (434) 951-7786

PRICING

\$2,395

Registration includes all conference materials, plus breakfasts, lunches and refreshment breaks.

CANCELLATION POLICY

- Prior to 15 days from program start: Full refund, less a \$150 administrative fee
- Prior to 5 days from program start: Full credit (less a \$150 administrative fee) towards attending another SNL CFE program within 13 months
- Within 5 days of program start, or afterward: Not eligible for refund or credit

Attendee substitutions from the same company are welcome at any time. For more information regarding our refund, complaint and program cancellation policy, please call us at (434) 951-7786.

CONTINUING EDUCATION CREDITS



CFA Institute

14 Hours of Continuing Education Credit



National Association of State Boards of Accountancy

18 Hours of CPE Credit

Complete details are on the 'Continuing Education Credits' page of the program website: www.snlcenter.com/powerval