



# Regulators and Infrastructure Investors: A Quest for Harmony

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- World Forum on Energy  
Regulation IV  
Athens, Greece
- October 18 - 21, 2009

# Project Finance Statistics— Global (1<sup>st</sup> Half 2009)

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- Global project finance volume down 41% to \$115 billion in the first half of 2009, compared to the first of half of 2008.
  - Energy project finance down 29%
  - Infrastructure project finance down 23%
- The largest deal in the first half of 2009 was the Santo Antonio Hydroelectric Plant in Brazil at \$5.7 billion.
- India had 4 of the top 10 infrastructure deals, totaling \$15.275 in the first half of 2009.

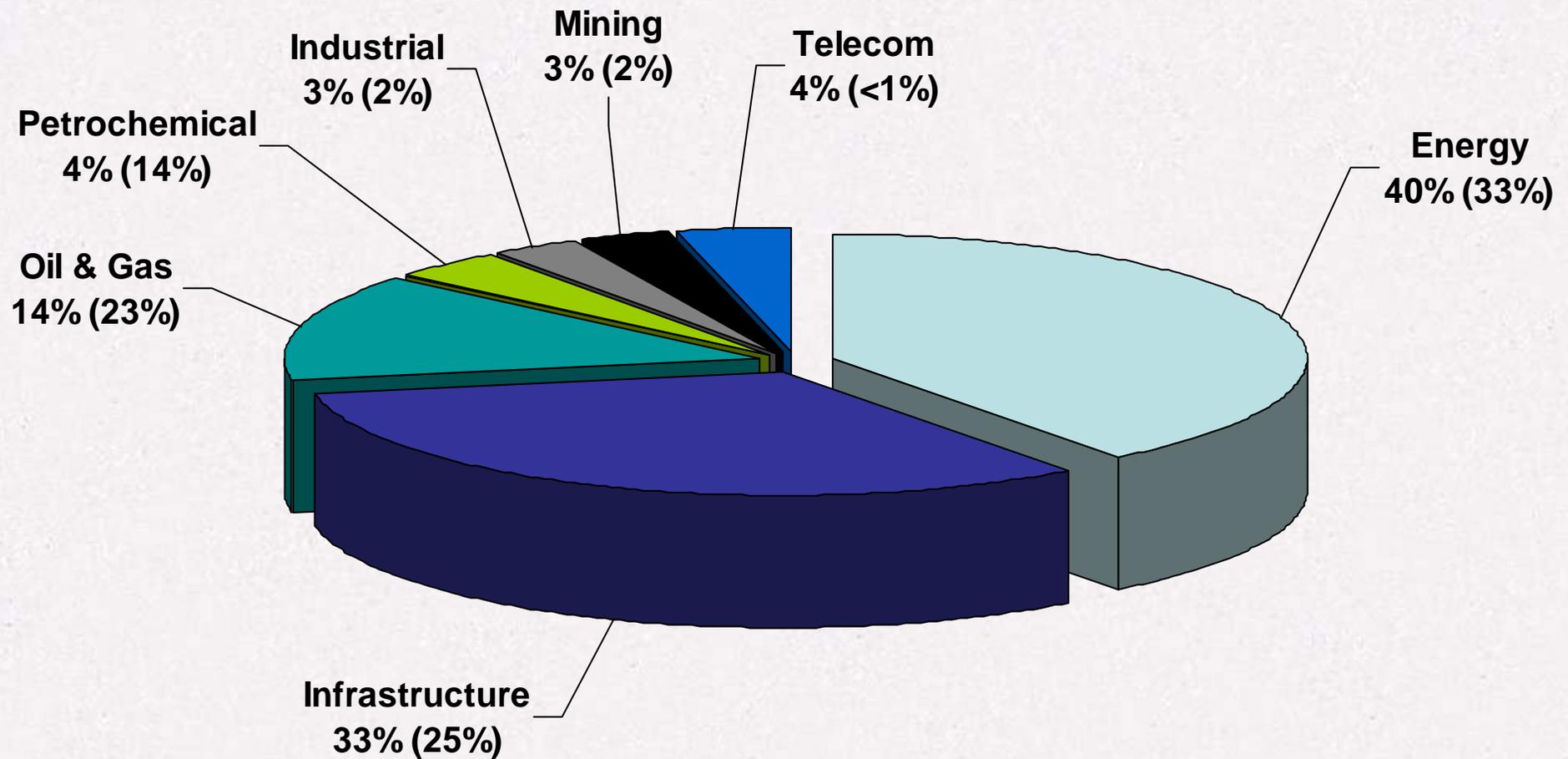
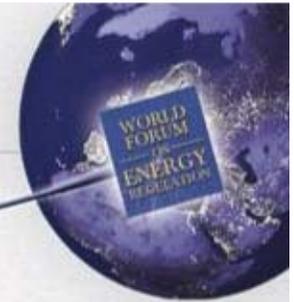
# Project Finance Statistics by Region (1<sup>st</sup> Half 2009)

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- Asia: +6% (\$36 billion).
- Australasia: -83% (\$2.6 billion).
- Eastern Europe: -85% (\$3.7 billion).
- Western Europe: -41% (25.6 billion).
- Latin Am/Caribbean: +39% (\$21.3 billion).
- Middle East/Africa: -68% (\$12.8 billion).
- North America: -37% (\$13 billion).
  
- Statistics from Dealogic, slides 2-4.

# Global Sector Share—1<sup>st</sup> Half 2009 (1<sup>st</sup> Half 2008)



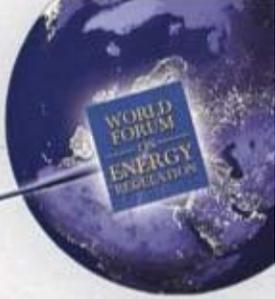
# New Investment Opportunities/Issues

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- Renewables, Renewables, Renewables!
- Price of Oil?
- Nuclear Renaissance?
- Cost of Climate Change?
- Network expansion in the developing world.
- Greater regional cooperation on energy trading and regulatory oversight, planning, etc.

# Investor/Developer Concerns

The logo for the World Forum on Energy Regulation, featuring a globe with the text 'WORLD FORUM ON ENERGY REGULATION' overlaid.

- **Consistency, Consistency, Consistency!**
  - Commitment to contractual provisions or market rules
- **Accessible and Easily Understood Information.**
  - Transparency
  - Fair and Expedient Processes
- **Reasonable Rate of Return.**
- **Access to Capital.**

# Regulator/National Government Concerns

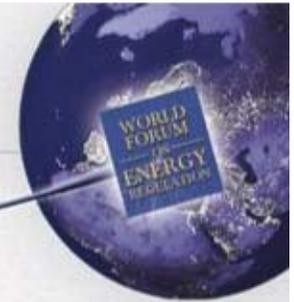
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- Balancing the needs of consumers with the need for investment.
  - Ability of consumers to pay and protection against price volatility
- Reputation, knowledge, resources, financing, etc.
- Stability and level of commitment.

# Regulator & Investor Harmony?

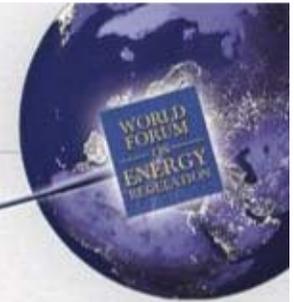
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- Regulatory Renaissance?
- Mutual understanding of the requirements and important issues for each party.
  - Communication
  - Be realistic—e.g. long term contracts
- Capital intensive industry.
- Don't look for fools.

# Regulators' Role in Encouraging Investment in the Developing World

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- Traditionally, a limited role.
  - Perceived level of risk
  - Nascent regulator
  - Intra-government authority issues
- Maybe, a limited role should continue?
- Maybe, a more robust role should be envisioned?
- Be innovative when it comes to encouraging investment.
- Hold government entities to the same standard of performance as privately owned entities.



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# THANK YOU

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Jason P. Czyz - World Forum on Energy Regulation IV - Athens, Greece - October 18-21, 2009