

**Ad Hoc Group of Experts on Coal Mine
Methane, Geneva, 6th Dec. 2004**

**Key Barriers to Financing
CMM Projects**

Finance Panel Discussion Issues

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Finance Panel

Financial Portfolio: what is needed

- Well prepared and substantiated

Business Plans

- Approved by the owner

- Acceptable to the investors

Business Plan

- Fuel Supply
- Ownership and Legal
- Technology risk
- Power Purchase Agreement
- Corporate Issues

Fuel Supply

- Proven reserves
- Continuity
- Quantity
- Quality
- Legal
- Cost

Ownership and legal

- Concessions
- Right of extraction
- Right of access
- Environmental and other permits
- Land lease

Technology risk

- Project developer risk
- Proven technology
- Special requirements of the technology

Power Purchase Agreement

- Type – take or pay, pay on delivery etc.
- Term (for how long)
- Price – fixed, capped, floating
- Cost of connection to the grid
- Penalties – for undelivered, unplanned outages

Corporate risks

- Financial rating of the company
- Financial health of the company
- Long term prospects, strategy
- Safety
- Guarantees to be provided

Financial institutions requirements

- Investment profile
- Project size
- Investment term
- IRR required
- Other specific criteria – eg ethical, green, financial ratios