

PPP model for Rail projects



- Introduction to CMS Cameron McKenna
- PPP risks
- UK - HS1
- Dutch High Speed Link
- Canada - RAV
- Common themes



CMS Cameron McKenna

- International Law Firm
- Market leader – infrastructure and project finance
- 130 partners with over 700 lawyers
- Offices in the UK and across Central and Eastern Europe
- CMS alliance - 47 business centres worldwide with more than 2,000 lawyers

PPP Risks

- Political risk
- Construction risk
- - high capital cost
- Demand risk
- - passenger revenues
- Availability of finance



HS1 - summary

- 100km high speed line linking St. Pancras International to the Channel Tunnel
- HS1 procured as a privately financed project - process started in 1993
- London & Continental Railways Limited (LCR) awarded concession to design, build, finance and maintain HS1 in 1996
- Restructuring involving the participation of Railtrack and its successor, Network Rail
- Two phases - Section 1 completed in September 2003 and Section 2 completed in July 2007
- Capital cost US\$10 billion
- Sale of 30 year concession to Borealis Infrastructure / Ontario Teachers' Pension Plan consortium for US\$3.3 billion in November 2010

HS1 - issues

- Construction risk
- Channel Tunnel fire in 1996
- - loss of revenues
- Eurostar passenger forecasts
- Financing plan



HSL - summary

- 125km high speed line linking Amsterdam to Schiphol airport
- HSL procured through a public private partnership - process started in 1997
- Infrasppeed awarded 30 year concession to maintain and operate HSL in 2002
- Construction completed in 2008
- Capital cost US\$10billion
- Performance related payment mechanism



RAV - summary

- Rapid rail transit linking downtown Vancouver and Richmond to the airport
- RAV procured through a P3 process
- SNC Lavalin awarded 35 year concession to build, operate and maintain RAV in 2005
- Construction completed in 2010
- Capital cost C\$2billion
- Payment mechanism 90% availability/ 10% volume



Common themes

- Risk allocation
- Project management
- Flexible contract structure
- Government support
- CMS Cameron McKenna



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