



## GETTING AD PROJECTS TO A FINANCIAL CLOSE



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# introduction



- background to Fisher German LLP
- bank policies
- financial planning



## Credit:

“A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some later date”

and

“belief or confidence in the truth of something”



## Debt finance – key issue is building credit

- banks understanding of AD model – do the credit team know how to assess it?
- assessment of risk and risk management – mainly operational/biological and political
- trust in the Government commitment - FiT levels and sustainability
- lack of clarity on RHI

# financing – key challenges



- banks may lend – need to build trust
- Government has a role
- developers need to -
  - offer assets that the bank trust as collateral
  - realistic and robust business plan
  - risk management plans to tackle likely technical problems, input supply and output management

# financing – key challenges



suppliers need to –

- be open about whole life costs and performance
- ensure they have adequate back up and warranties
- have these in place before funding



# what will banks look for?

- they will look at the whole business
- they will want security both including and excluding the AD plant
- analysis of technology
- security of waste stream
- Feed in Tariff included in the budget
- the preparation of the Business Plan
- management competence and track record



## The Business Plan -

- prove you have done your research thoroughly
- show how you have chosen your technology provider
- detail assumptions and costings with clear quotes to support
- identify key risks and mitigation actions
- have outline agreements in place if possible – bank may want a fixed price PPA



## The Business Plan:

- draw up a realistic cash flow and P&L budget
- include a sensitivity analysis for debt repayment periods
- 10 year repayment should be minimum period
- what capital can you introduce?
- alternatives – hire of CHP or HP agreements?
- use external experts to validate where required

# summary



- a well presented, thought through business plan inspires confidence
- be flexible – there are options
- be realistic and scenario plan/test
- use external advice where necessary to add value



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