# Invisible Gorillas

PICTURES FROM WORKING GROUP SESSIONS

FEBRUARY 2017, SANTA BARBARA

#### STRUCTURE OF WORKING GROUPS

·How do you mitigate/manage this risk today? · How do you stay informed and adapt?

### REGULATORY RISK

Regulatory Risk

- State Regs
- Change of Law - Contract Reopener - Termination Right
- Special Entity
  - Established Ragulatory Group/Expursise
  - Senarios -> Results
- IPP s

- Lobbists / Industry Groups - Monigoring . Internal + External - Documented Contols

- Special Entity - Established Regulatory Group/Expuri - Senavios -> Results - IPP < - Lobbisis / Industry Groups - Monitoring . Internal + External - Documented Contols

- Operational Risk - Training + Education - Sevier Management Rangingement Financial Resources

#### **RISK FRAMEWORK**

Risk Framework 5% & TNW total Credit Monage Credit Risk daily VAR Metrics Risk reward @ portfolio basis Rating Agencies Outsourcing Credit Analysis Internal Credit Matrix Mitigate risk w/ collateral

Limit - Set hard Limits #2 Daily headline news through #2 web services (Taking Part in scrimars (NAPCOI) Portfalio of Risks - Market - term - Credit - Position (buy us sell) - Rate - Internal Legal - Resulatory -Political -Legaslative -Country -State Internal Rating For unrated counterparts -very conservative

### LONG TERM STRUCTURED TRANSACTION

Long Term Structured Transaction Risk - bow do you margin on a long Herm contract - worket risk - Construction risk

- MACON

Mitigation - warrauty - L C to handle degradation - how do you come up with the size D technology risk

- Construction / PPA - Delivery Date Contract - Performance Contract - (atastrophic Failure Gaurenies - JASUTANCE - Warrenty - Liquidated Damacas - Colleteral (Construction -> Operation) - Monitor & Manage expectations - Market Pick / Exposure ( Marsining [ PAN or muthat Avelone] - (the to determine in absence of price discovery - Define source of curve in enabling agreement -PFE ??.

Constant kionson - performance L(C - LDIS

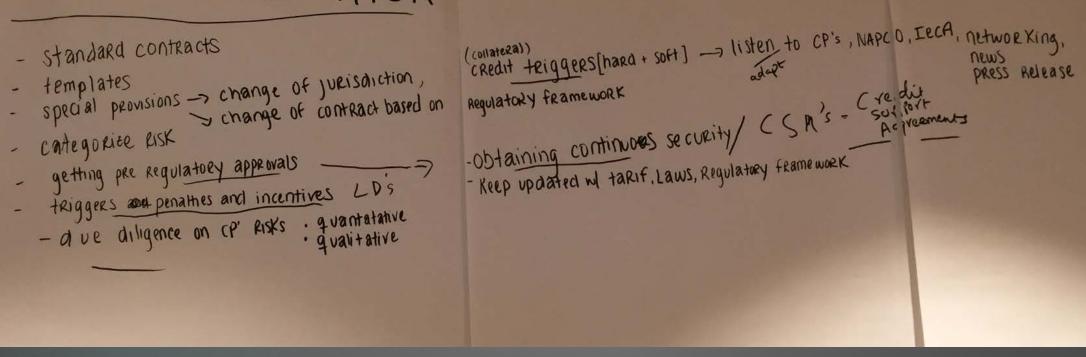
- Clear description of the marging &
- contract re opener to check your assumptions
- monitor & manage expectations - pre + post COD collateral
- check your LIC provisions- hoes it renew each year
- keep in touch with the project + monitor

### ENVIRONMENTAL RISK

Environmental Risk Endangusen Spices Act/Hydroffist, soves US Clean Power Plans - Near term uncertainty - Marter His could be de Stre within is my an additional hurdle. No idee at this part Cam Power Plan dies. -desort Firtist - Salunan - birds 1. Continue to assess as NOTING New Counterporties - nor traditional counter por ties, not as twenty - nor traditional counter por ties, creatitwenty decrease credit worthings of 2. Change portfolio mix to reduce exposure PURASIIO MIX - lots of cool could be puttematic to Coal. Z. Now lenewables coming online => in crease stilly, CHISD inkices Dist'd generation - Can be monitored, reg. decisions, 1. Work w/ other teams in company to stay informed on changes. Tex credits - how to stay competitive 2. Spand time up front, assessing these risks & counter party, ie, mactive Lo this is really have to do. (\$) Di-Seconce bet. env. & regulatory risks.

#### CONTRACTUAL RISK

## Contractual Risk



#### OTHER PICTURES



