

Appendix

Table 13.A1 Pricing of PF exposures (2004)

n.	ROE	CO/TA	UL					EL					r	r	r	r	r
			Strong	Good	Satisf.	Weak	Default	Strong	Good	Satisf.	Weak	Default					
2	5.84%	0.61%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.44%	3.91%	6.13%	12.55%	105.64%
4	7.27%	2.46%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.37%	5.88%	8.16%	14.87%	109.34%
8	5.61%	0.73%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.54%	4.02%	6.23%	12.63%	105.88%
9	8.07%	3.32%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.28%	6.81%	9.12%	15.98%	111.06%
10	2.28%	1.15%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.78%	4.20%	6.34%	12.36%	106.72%
11	4.02%	1.33%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.06%	4.51%	6.69%	12.94%	107.08%
12	28.45%	0.10%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.20%	5.04%	7.74%	16.91%	104.62%
13	11.04%	0.13%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.25%	3.81%	6.12%	13.16%	104.68%
16	1.05%	2.05%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.61%	5.02%	7.15%	13.07%	108.52%
17	8.09%	2.09%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.05%	5.57%	7.86%	14.65%	108.60%
19	8.88%	0.90%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.90%	4.43%	6.71%	13.53%	106.22%

Table 13.A2 Pricing of PF exposures (2005)

n.	ROE	CO/TA	UL					EL					r	r	r	r	r
			Strong	Good	Satisf.	Weak	Default	Strong	Good	Satisf.	Weak	Default	Strong	Good	Satisf.	Weak	Default
1	8.97%	1.22%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.51%	5.04%	7.33%	14.15%	107.46%
2	8.56%	0.71%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.97%	4.49%	6.77%	13.51%	106.44%
3	10.59%	0.13%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.51%	4.05%	6.36%	13.32%	105.28%
4	7.62%	2.25%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.47%	5.98%	8.26%	14.98%	109.52%
7	10.61%	2.47%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.86%	6.41%	8.77%	15.87%	109.96%
8	14.82%	0.64%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.26%	4.88%	7.29%	14.80%	106.30%
9	12.31%	2.86%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.34%	6.93%	9.33%	16.66%	110.74%
10	10.58%	0.89%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.27%	4.82%	7.14%	14.15%	106.80%
11	9.31%	1.24%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.55%	5.08%	7.38%	14.25%	107.50%
12	20.62%	0.10%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.04%	4.75%	7.28%	15.47%	105.22%
13	8.37%	0.11%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	3.36%	3.87%	6.13%	12.82%	105.24%
15	17.67%	0.91%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.69%	5.35%	7.83%	15.71%	106.84%
17	15.78%	1.42%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.09%	5.73%	8.18%	15.85%	107.86%
19	9.40%	0.90%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.21%	4.74%	7.04%	13.90%	106.82%
20	10.52%	0.96%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.34%	4.89%	7.21%	14.21%	106.94%
22	12.45%	1.58%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.07%	5.65%	8.03%	15.30%	108.18%
24	11.85%	0.70%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.15%	4.72%	7.07%	14.22%	106.42%

Table 13.A3 Pricing of PF exposures (2006)

n.	ROE	CO/TA	UL					EL					r	r	r	r	r
			Strong	Good	Satisf.	Weak	Default	Strong	Good	Satisf.	Weak	Default					
1	8.96%	1.14%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.59%	6.10%	8.39%	15.13%	109.74%
2	9.73%	0.51%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.00%	5.52%	7.81%	14.61%	108.48%
3	11.67%	0.16%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.75%	5.30%	7.63%	14.65%	107.78%
4	8.73%	2.14%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.58%	7.09%	9.39%	16.16%	111.74%
6	26.90%	0.20%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.65%	6.45%	9.12%	18.00%	107.86%
7	0.87%	3.00%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	7.00%	7.38%	9.53%	15.39%	113.46%
8	15.60%	0.61%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.43%	6.04%	8.47%	15.99%	108.68%
9	17.14%	2.71%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	7.62%	8.27%	10.78%	18.61%	112.88%
10	12.60%	0.44%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.09%	5.65%	8.01%	15.16%	108.34%
11	11.68%	1.07%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.67%	6.22%	8.57%	15.64%	109.60%
12	18.95%	0.09%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.09%	5.76%	8.25%	16.16%	107.64%
13	8.64%	0.11%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	4.53%	5.03%	7.30%	13.94%	107.68%
14	6.91%	0.92%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.25%	5.72%	7.97%	14.44%	109.30%
15	28.06%	0.96%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.48%	7.30%	10.01%	19.08%	109.38%
16	13.74%	0.68%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.39%	5.98%	8.37%	15.67%	108.82%
17	6.53%	1.12%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.43%	5.90%	8.14%	14.58%	109.70%
19	10.49%	0.90%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.43%	5.96%	8.28%	15.20%	109.26%
20	12.08%	1.11%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.73%	6.29%	8.65%	15.77%	109.68%
22	12.67%	1.52%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.18%	6.75%	9.13%	16.35%	110.50%
24	11.83%	0.65%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.25%	5.81%	8.15%	15.22%	108.76%

Table 13.A4 Pricing of PF exposures (2007)

n.	ROE	CO/TA	UL					EL					r	r	r	r	r
			Strong	Good	Satisf.	Weak	Default	Strong	Good	Satisf.	Weak	Default					
1	7.65%	1.08%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.59%	7.06%	9.32%	15.82%	112.02%
2	11.42%	0.60%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.32%	6.85%	9.18%	16.12%	111.06%
3	11.47%	0.15%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.87%	6.40%	8.73%	15.64%	110.16%
4	8.88%	1.94%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	7.52%	8.02%	10.32%	17.02%	113.74%
6	12.57%	0.21%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.99%	6.54%	8.89%	15.94%	110.28%
9	11.61%	2.51%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	8.25%	8.79%	11.17%	18.23%	114.88%
10	10.34%	0.80%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.46%	6.98%	9.29%	16.10%	111.46%
11	11.96%	1.01%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.76%	7.30%	9.66%	16.68%	111.88%
12	10.47%	0.17%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.83%	6.35%	8.65%	15.44%	110.20%
13	10.52%	0.08%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	5.75%	6.26%	8.56%	15.36%	110.02%
14	11.86%	1.22%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.97%	7.51%	9.86%	16.89%	112.30%
15	5.30%	1.29%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.67%	7.10%	9.31%	15.54%	112.44%
17	0.90%	1.93%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	7.06%	7.43%	9.56%	15.28%	113.72%
19	9.95%	0.54%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.18%	6.68%	8.98%	15.73%	110.94%
20	6.93%	1.07%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	6.54%	7.00%	9.24%	15.65%	112.00%
22	12.20%	1.69%	5.60%	7.20%	9.20%	20.00%	0.00%	0.40%	0.80%	2.80%	8.00%	50.00%	7.46%	8.01%	10.38%	17.47%	113.24%

Table 13.A5 Supervisory slotting criteria for PF exposures: a judgement-based model

DRIVER	weight	STRONG	value	GOOD	value	SATISFACTORY	value	WEAK	value
Financial strength	20%								
Market conditions	20%	Few competing suppliers or substantial and durable advantage in location, cost, or technology. Demand is strong and growing	$0.8 < X \leq 1$	Few competing suppliers or better than average location, cost, or technology but this situation may not last. Demand is strong and stable	$0.5 < X \leq 0.8$	Project has no advantage in location, cost, or technology. Demand is adequate and stable	$0.2 < X \leq 0.5$	Project has worse than average location, cost, or technology. Demand is weak and declining	$0 < X \leq 0.2$
Financial ratios (e.g. debt service coverage ratio (DSCR), loan life coverage ratio (LLCR), project life coverage ratio (PLCR), and debt-to-equity ratio)	35%	Strong financial ratios considering the level of project risk; very robust economic assumptions	$0.8 < X \leq 1$	Strong to acceptable financial ratios considering the level of project risk; robust project economic assumptions	$0.5 < X \leq 0.8$	Standard financial ratios considering the level of project risk	$0.2 < X \leq 0.5$	Aggressive financial ratios considering the level of project risk	$0 < X \leq 0.2$
Stress analysis	25%	The project can meet its financial obligations under sustained, severely stressed economic or sectoral conditions	$0.8 < X \leq 1$	The project can meet its financial obligations under normal stressed economic or sectoral conditions. The project is only likely to default under severe economic conditions	$0.5 < X \leq 0.8$	The project is vulnerable to stresses that are not uncommon through an economic cycle, and may default in a normal downturn	$0.2 < X \leq 0.5$	The project is likely to default unless conditions improve soon	$0 < X \leq 0.2$

<i>Financial structure</i>	20%								
	<i>where:</i>								
Duration of the credit compared to the duration of the project	10%	Useful life of the project significantly exceeds tenor of the loan	$0.7 < X \leq 1$	Useful life of the project exceeds tenor of the loan	$0.3 < X \leq 0.7$	Useful life of the project exceeds tenor of the loan	$0.3 < X \leq 0.7$	Useful life of the project may not exceed tenor of the loan	$0 < X \leq 0.3$
Amortisation schedule	10%	Amortising debt	$0.6 < X \leq 1$	Amortising debt	$0.6 < X \leq 1$	Amortising debt repayments with limited bullet payment	$0.3 < X \leq 0.6$	Bullet repayment or amortising debt repayments with high bullet repayment	$0 < X \leq 0.3$
Political and legal environment	20%								
Political risk, including transfer risk, considering project type and mitigants	10%	Very low exposure; strong mitigation instruments, if needed	$0.8 < X \leq 1$	Low exposure; satisfactory mitigation instruments, if needed	$0.6 < X \leq 0.8$	Moderate exposure; fair mitigation instruments	$0.2 < X \leq 0.6$	High exposure; no or weak mitigation instruments	$0 < X \leq 0.2$
Force majeure risk (war, civil unrest, etc.)	10%	Low exposure	$0.8 < X \leq 1$	Acceptable exposure	$0.5 < X \leq 0.8$	Standard protection	$0.2 < X \leq 0.5$	Significant risks, not fully mitigated	$0 < X \leq 0.2$
Government support and project's importance for the country over the long term	15%	Project of strategic importance for the country (preferably export-oriented). Strong support from Government	$0.8 < X \leq 1$	Project considered important for the country. Good level of support from Government	$0.5 < X \leq 0.8$	Project may not be strategic but brings unquestionable benefits for the country. Support from Government may not be explicit	$0.2 < X \leq 0.5$	Project not key to the country. No or weak support from Government	$0 < X \leq 0.2$

(Continued)

Table 13.A5 (Continued)

<i>DRIVER</i>	weight	<i>STRONG</i>	value	<i>GOOD</i>	value	<i>SATISFACTORY</i>	value	<i>WEAK</i>	value
Stability of legal and regulatory environment (risk of change in law)	30%	Favourable and stable regulatory environment over the long term	$0.8 < X \leq 1$	Favourable and stable regulatory environment over the medium term	$0.5 < X \leq 0.8$	Regulatory changes can be predicted with a fair level of certainty	$0.3 < X \leq 0.5$	Current or future regulatory issues may affect the project	$0 < X \leq 0.3$
Acquisition of all necessary supports and approvals for such relief from local content laws	10%	Strong	$0.8 < X \leq 1$	Satisfactory	$0.6 < X \leq 0.8$	Fair	$0.2 < X \leq 0.6$	Weak	$0 < X \leq 0.2$
Enforceability of contracts, collateral and security	25%	Contracts, collateral and security are enforceable	$0.6 < X \leq 1$	Contracts, collateral and security are enforceable	$0.6 < X \leq 1$	Contracts, collateral and security are considered enforceable even if certain non-key issues may exist	$0.2 < X \leq 0.6$	There are unresolved key issues in respect if actual enforcement of contracts, collateral and security	$0 < X \leq 0.2$
Transaction characteristics	20%								
<i>Design and technology risk</i>	20%	Fully proven technology and design	$0.6 < X \leq 1$	Fully proven technology and design	$0.6 < X \leq 1$	Proven technology and design – start-up issues are mitigated by a strong completion package	$0.2 < X \leq 0.6$	Unproven technology and design; technology issues exist and/or complex design	$0 < X \leq 0.2$
<i>Construction risk</i>	20%								
	<i>where:</i>								
Permitting and siting	5%	All permits have been obtained	$0.8 < X \leq 1$	Some permits are still outstanding but their receipt is considered very likely	$0.5 < X \leq 0.8$	Some permits are still outstanding but the permitting process is well defined and they are considered routine	$0.3 < X \leq 0.5$	Key permits still need to be obtained and are not considered routine. Significant conditions may be attached	$0 < X \leq 0.3$

Type of construction contract	5%	Fixed-price date-certain turnkey construction EPC (engineering and procurement contract)	$0.6 < X \leq 1$	Fixed-price date-certain turnkey construction EPC	$0.6 < X \leq 1$	Fixed-price date-certain turnkey construction contract with one or several contractors	$0.2 < X \leq 0.6$	No or partial fixed-price turnkey contract and/or interfacing issues with multiple contractors	$0 < X \leq 0.2$
Completion guarantees	5%	Substantial liquidated damages supported by financial substance and/or strong completion guarantee from sponsors with excellent financial standing	$0.8 < X \leq 1$	Significant liquidated damages supported by financial substance and/or completion guarantee from sponsors with good financial standing	$0.5 < X \leq 0.8$	Adequate liquidated damages supported by financial substance and/or completion guarantee from sponsors with good financial standing	$0.2 < X \leq 0.5$	Inadequate liquidated damages or not supported by financial substance or weak completion guarantees	$0 < X \leq 0.2$
Track record and financial strength of contractor in constructing similar projects. <i>Operating risk</i>	5%	Strong	$0.8 < X \leq 1$	Good	$0.6 < X \leq 0.8$	Satisfactory	$0.3 < X \leq 0.6$	Weak	$0 < X \leq 0.3$
Scope and nature of operations and maintenance (O&M) contracts	10%	Strong long-term O&M contract, preferably with contractual performance incentives, and/or O&M reserve accounts	$0.8 < X \leq 1$	Long-term O&M contract, and/or O&M reserve accounts	$0.5 < X \leq 0.8$	Limited O&M contract or O&M reserve account	$0.2 < X \leq 0.5$	No O&M contract: risk of high operational cost overruns beyond mitigants	$0 < X \leq 0.2$

(Continued)

Table 13.A5 (Continued)

DRIVER	weight	STRONG	value	GOOD	value	SATISFACTORY	value	WEAK	value
Operator's expertise, track record, and financial strength	10%	Very strong, or committed technical assistance of the sponsors	$0.8 < X \leq 1$	Strong	$0.6 < X \leq 0.8$	Acceptable	$0.3 < X \leq 0.6$	Limited/weak, or local operator dependent on local authorities	$0 < X \leq 0.3$
<i>Supply risk</i>	<i>20%</i>								
<i>where:</i>									
Price, volume and transportation risk of feed-stocks; supplier's track record and financial strength	10%	Long-term supply contract with supplier of excellent financial standing	$0.8 < X \leq 1$	Long-term supply contract with supplier of good financial standing	$0.6 < X \leq 0.8$	Long-term supply contract with supplier of good financial standing – a degree of price risk may remain	$0.3 < X \leq 0.6$	Short-term supply contract or long-term supply contract with financially weak supplier – a degree of price risk definitely remains	$0 < X \leq 0.3$
Reserve risks (e.g. natural resource development)	10%	Independently audited, proven and developed reserves well in excess of requirements over lifetime of the project	$0.8 < X \leq 1$	Independently audited, proven and developed reserves in excess of requirements over lifetime of the project	$0.6 < X \leq 0.8$	Proven reserves can supply the project adequately through the maturity of the debt	$0.3 < X \leq 0.6$	Project relies to some extent on potential and undeveloped reserves	$0 < X \leq 0.3$
<i>Off-take risk</i>	<i>20%</i>								
<i>where:</i>									
a) If there is a take-or-pay or fixed-price off-take contract	10%	Excellent creditworthiness of off-taker; strong termination clauses; tenor of contract comfortably exceeds the maturity of the debt	$0.8 < X \leq 1$	Good creditworthiness of off-taker; strong termination clauses; tenor of contract exceeds the maturity of the debt	$0.5 < X \leq 0.8$	Acceptable financial standing of off-taker; normal termination clauses; tenor of contract generally matches the maturity of the debt	$0.2 < X \leq 0.5$	Weak off-taker; weak termination clauses; tenor of contract does not exceed the maturity of the debt	$0 < X \leq 0.2$

b) If there is no take-or-pay or fixed-price off-take contract	10%	Project produces essential services or a commodity sold widely on a world market; output can readily be absorbed at projected prices even at lower than historic market growth rates	$0.8 < X \leq 1$	Project produces essential services or a commodity sold widely on a regional market that will absorb it at projected prices at historical growth rates	$0.5 < X \leq 0.8$	Commodity is sold on a limited market that may absorb it only at lower than projected prices	$0.2 < X \leq 0.5$	Project output is demanded by only one or a few buyers or is not generally sold on an organised market	$0 < X \leq 0.2$
Strength of Sponsor	20%								
Sponsor's track record, financial strength, and country/sector experience	50%	Strong sponsor with excellent track record and high financial standing	$0.8 < X \leq 1$	Good sponsor with satisfactory track record and good financial standing	$0.6 < X \leq 0.8$	Adequate sponsor with adequate track record and good financial standing	$0.3 < X \leq 0.6$	Weak sponsor with no or questionable track record and/or financial weaknesses	$0 < X \leq 0.3$
Sponsor support, as evidenced by equity, ownership clause and incentive to inject additional cash if necessary	50%	Strong. Project is highly strategic for the sponsor (core business – long-term strategy)	$0.8 < X \leq 1$	Good. Project is strategic for the sponsor (core business – long-term strategy)	$0.5 < X \leq 0.8$	Acceptable. Project is considered important for the sponsor (core business)	$0.2 < X \leq 0.5$	Limited. Project is not key to sponsor's long-term strategy or core business	$0 < X \leq 0.2$
Security Package Assignment of contracts and accounts	20%	Fully comprehensive	$0.8 < X \leq 1$	Comprehensive	$0.6 < X \leq 0.8$	Acceptable Acceptable security interest in all project assets, contracts, permits and accounts necessary to run the project	$0.3 < X \leq 0.6$	Weak	$0 < X \leq 0.3$

(Continued)

Table 13.A5 (Continued)

<i>DRIVER</i>	<i>weight</i>	<i>STRONG</i>	<i>value</i>	<i>GOOD</i>	<i>value</i>	<i>SATISFACTORY</i>	<i>value</i>	<i>WEAK</i>	<i>value</i>
Pledge of assets, taking into account quality, value and liquidity of assets	20%	First perfected security interest in all project assets, contracts, permits and accounts necessary to run the project	$0.8 < X \leq 1$	Perfected security interest in all project assets, contracts, permits and accounts necessary to run the project	$0.5 < X \leq 0.8$	Fair	$0.2 < X \leq 0.5$	Little security or collateral for lenders; weak negative pledge clause	$0 < X \leq 0.2$
Lender's control over cash flow (e.g. cash sweeps, independent escrow accounts)	20%	Strong	$0.8 < X \leq 1$	Satisfactory	$0.6 < X \leq 0.8$	$0.3 < X \leq 0.6$	Weak	$0 < X \leq 0.3$	
Strength of the covenant package (mandatory prepayments, payment deferrals, payment cascade, dividend restrictions, etc.)	20%	Covenant package is strong for this type of project. Project may issue no additional debt	$0.8 < X \leq 1$	Covenant package is satisfactory for this type of project. Project may issue extremely limited additional debt	$0.5 < X \leq 0.8$	Covenant package is fair for this type of project. Project may issue limited additional debt	$0.2 < X \leq 0.5$	Covenant package is Insufficient for this type of project. Project may issue unlimited additional debt	$0 < X \leq 0.2$
Reserve funds (debt service, O&M, renewal and replacement, unforeseen events, etc.)	20%	Longer than average coverage period, all reserve funds fully funded in cash or letters of credit from highly rated bank	$0.7 < X \leq 1$	Average coverage period, all reserve funds fully funded	$0.3 < X \leq 0.7$	Average coverage period, all reserve funds fully funded	$0.3 < X \leq 0.7$	Shorter than average coverage period, reserve funds funded from operating cash flows	$0 < X \leq 0.3$

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