

# GE Capital Markets Corporate

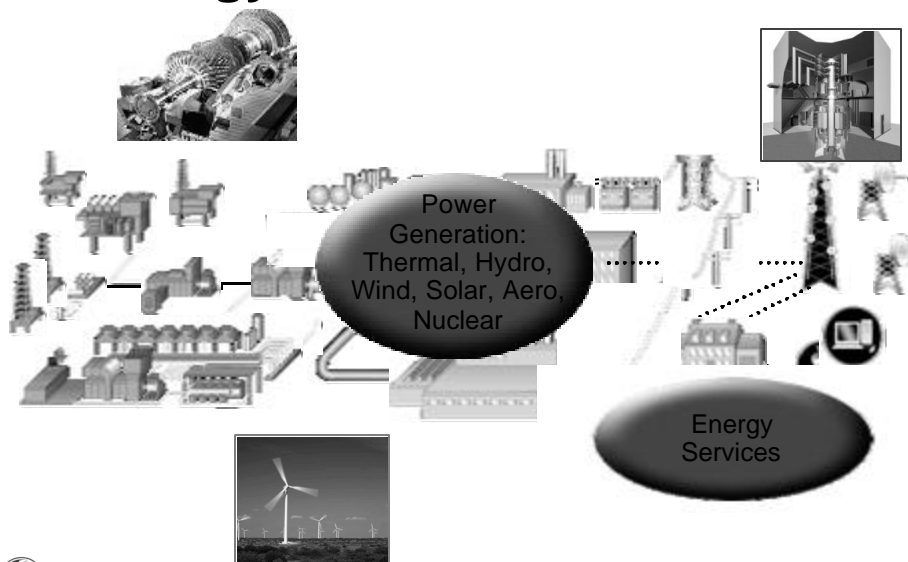
## Mobilizing Private Sector Financing for Energy Projects

### Risks and pitfalls of emerging market energy and infrastructure investment: *The GE Experience*

Steven W. Howlett  
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## GE Energy



# Overview



## Thermal

Gas Turbine Technology  
(50-500MW)  
Steam Turbine Technology  
(18-1400MW)

## Hydro

Turbines (45-800MW)  
Generators (10-800MW)  
Valves (65MM-10M  
Diameter)

## Aero Energy

Turbines (5-50MW)  
Distributed Power  
Diesel & Reciprocating  
Engines (0.3-3.0 MW)

## Nuclear

ABWR  
Plant Operating Services  
Advanced Nuclear Fuel

## Wind

Wind Turbines (900 KW –  
3.6MW)  
Land-Based and Offshore  
Applications

## Energy Services

Pollution Control  
Parts  
Efficiency Upgrades

## Solar

Photovoltaic Cells  
(173-200 W)

## Water

Combined Water-  
Desalination Plants



# 2005 Energy Highlights

- Sales of \$14.5 Billion, estimated sales of \$17 Billion for 2006
- Solid progress with IGCC and new Nuclear technology (ESBWR)
- Tripled Wind volume at higher price levels, strengthened market position
- Rural Electrification in India
- Managed through significant leadership changes
- Initiated synergy and growth with new Infrastructure organization



# Emerging Market Risks

- Illiquidity of markets
- Non-honoring of contracts
- Political Violence
- Expropriation
- Currency Inconvertibility
- Undercapitalization
- Limited Investor rights
- Project / Transaction economics
- Fuel Supply Uncertainty
- Fuel Price Ambiguity
- Lack of Environmental Standards



# Solutions

## **Private-Public Sector Collaboration:**

Policy Support  
Energy Efficiency Promotion  
Feasibility Studies  
Technology Grants and Mixed Credits (e.g. Grid Interconnection)  
Government Training Grants  
Consultancy on Regulatory Framework

## **Additional Mitigants and Structures:**

Government Guarantee Programs  
Political Risk Insurance  
Partnering with local banks and/or investors  
Leases  
Project Finance  
Co-financings  
Deferred Payments

