

LATIN AMERICAN/SOUTH AMERICAN MARKET EXPERIENCE

The Latin America/South America region offers significant potential for asset acquisitions, new project development and investment in a broad range of energy services. Since the first sector reforms in the 1980s, the Latin American/South American governments have increasingly been paving the way for private sector participation through deregulation and privatization.

London Economics International LLC (LEI) has extensive experience in analyzing Latin American/South American energy markets. We have worked in many countries across the region, including but not limited to: Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Jamaica, Mexico, Nicaragua, Panama, Peru and Venezuela. Our clients include both private sector companies and regulatory institutions, as well as both Latin American/South American and foreign companies. We have performed a number of engagements related to wholesale market price forecasts, market modeling, asset valuation, regulatory review and market design, and strategic advisory. We are knowledgeable about developments in both electricity and natural gas markets. Lastly, with staff who speak Spanish and specialize in the Latin American/South American market, we provide profound understanding of the local markets as well as convenience in communication.

HOW WE CAN HELP

PRICE FORECASTING AND ASSET VALUATION: LEI has modeled a variety of Latin American/South American markets using POOLMod, our proprietary pool simulation model. Our team is able to develop a range of plausible wholesale electricity market outcomes, which we then employ to forecast revenues to generation stations. In Panama, we advised a client on the acquisition and financing of a hydro facility. We performed a Monte Carlo simulation-based DCF analysis and supported our client in the road show. In El Salvador, for a US IPP, we conducted a number of spot market and dispatch forecasts for El Salvadoran and regional markets under various scenarios. For another US IPP, LEI has evaluated its Caribbean portfolio by analyzing regulatory, market and valuation issues associated with the assets. In Colombia, LEI assisted in valuation of Chivor and Betania power plants – the first privatization sale in this country – with support continuing through financing and closing. LEI has also modeled Central American markets. In addition to generation assets, LEI has evaluated distribution assets in the region.

REGULATORY REVIEW AND MARKET DESIGN: LEI has extensive knowledge in regulatory development in Latin America/South America and has worked with both regulators and regulated companies. For a private client in Chile, LEI performed a detailed review of the regulatory regimes of four restructured power markets (California, Colombia, Nord Pool, and Spain), as well as an analysis of the current Chilean regulatory regime and the changes to that regime the regulator has proposed. Engaged by the Argentine regulatory authority for the electricity sector (ENRE - Ente Nacional Regulador de la Electricidad), LEI led a consortium to conduct a review of Edenor, a large utility serving the northern portion of Buenos Aires. For a Caribbean-based regulator, LEI performed an intensive study of the types of PBR employed by regulators worldwide and the implications for key stakeholders, culminating in workshops for the regulator, the leading utility, and government representatives. LEI has also analyzed potential market power issues in Colombia in connection with a bid for generation assets by an existing market player.

STRATEGIC ADVISORY: LEI has assisted several clients in assessing market opportunities in Latin American/South American countries and provided strategic advisory. In Brazil, for a major US bank, LEI provided a market study and developed a screening methodology to allow quick appraisal of specific lending opportunities related to upcoming privatization activity. For a Japanese client, LEI provided strategic advisory on investment opportunities in Mexican electric and natural gas markets, and designed a strategic approach for the client. In another similar engagement, LEI reviewed activities of key players and analyzed market trends in thirteen Latin American countries, and identified potential investment opportunities in such markets.

REPRESENTATIVE CLIENTS

- AES
- Bank of America Securities
- Colbun
- EEB
- ENRE
- Enron
- GE Capital Partners
- Harbinger Capital
- Houston Industries
- HSBC
- Inter-American Developmental Bank

717 Atlantic Avenue, Suite 1A
Boston, Massachusetts 02111
Tel: (617) 933-7200 Fax: (617) 933-7201

390 Bay Street, Suite 1101
Toronto, Ontario M5H 2Y2
Tel: (416) 643-6610 Fax: (416) 643-6611

www.londoneconomics.com



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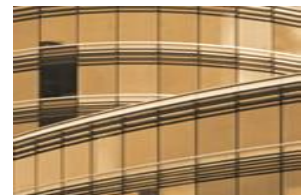
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