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Is This Power Project Bankable? Key Legal, Contractual and Commercial Considerations in Deciding Whether to Finance a Power Project

A 3-Day Masterclass for Bankers & Financiers

Overview

The implementation of Mission 300, the World Bank Group / African Development Bank initiative to connect up to 300 million Africans to electricity by 2030, has created new opportunities for investors in the African power sector in all segments of the electricity value chain. In the case of Nigeria, which has the highest population without electricity in Sub-Saharan Africa, the enactment of the Electricity Act 2023 has also created new opportunities for investors at both the national and sub-national levels in the country.

For lenders, whilst evaluating the power investments to financial support, it is important to factor in that significant opportunities often co-exist with various risks that need to be understood, dimensioned and addressed.

In an evolving electricity market, due diligence, contract clarity, and policy foresight are the only shields lenders have. A project that looks good on paper can still fail if contractual risks are left stranded, if new regulations affect assumptions, or if macroeconomic realities erode returns.

It is important to understand the contractual ecosystem within which a power plant sits, the current issues within the electricity market that can have impact on the power project

and its revenue expectations, and issues within the broader economy that affect the electricity market.

This 3-day masterclass focuses on the legal, contractual and commercial factors that determine power project success or failure. It draws on practical leadership and transactional experience at the Nigerian Bulk Electricity Trading PLC (NBET), which is at the very centre of Nigeria's electricity market—providing bankers and financiers with the knowledge, tools, and confidence to evaluate power projects, ask the right questions, and make informed lending decisions that minimize the risk of stranded power loans.

Course Objectives

By the end of the program, participants will be able to:

- Understand the structure and challenges of the Electricity Supply Industry (NESI) and how they affect project bankability.
- Identify and evaluate risks across the power value chain: gas supply, generation, transmission, and distribution.
- Analyse the Power Purchase Agreement (PPA) and related contracts from a lender's perspective and ensure no risk is left unallocated.
- Navigate regulatory issues arising from the implementation of power projects.
- Understand both utility-scale and off-grid projects, and their respective lending considerations.
- Understand and plan for macroeconomic and policy risks — FX volatility, subsidy reforms, political changes — over the term of the project loan.
- Apply structured due diligence checklists and risk maps to test the bankability of power projects, and ensure no risk is left stranded.
- Develop strategies for engaging with sponsors, government, and regulators to mitigate risks.

Course Summary

Day 1 – Context and Foundations: Risks and Realities in the Power Sector

- The Electricity Market: Institutions, Players & Current Issues
- Why Bankability Matters: Lessons from Stranded Projects
- Power Value Chain Risks (Gas, Generation, Transmission, Distribution).
- Management of Power Value Chain Risks

- Lessons for lenders: how to anticipate and mitigate systemic exposure.

Day 2 – Contractual Ecosystem & Value Chain Risks

- The PPA as the Core: Some Key PPA Provisions - Payment, Termination, Force Majeure, Change in Law
- The Contractual Ecosystem of the PPA: GSA, GTA, GCA, EPC, O&M etc.
- PPA Risk Allocation
- Key Questions to Ask to Avoid Losing Your Money

Day 3 - Off-Grid Projects and Capstone Simulation Exercise

- Off-Grid and Distributed Power
- Capstone Simulation Exercise that mirrors the real decisions financiers face when asked: *"Is this project bankable?"*

Benefits of Attending

- Gain practical insights from the experience of NBET's contract and payment administration in Nigeria's electricity market.
- See bankability through the three-pronged lens of contracts, regulation, and policy.
- Learn from case studies how complex contractual webs are structured for bankability in electricity transactions.
- Strengthen your ability to spot red flags early and protect your institution from stranded loans.
- Build the confidence to distinguish between a bankable deal and a potentially stranded project.
- Participate in a capstone simulation that mirrors the real decisions financiers face when asked: *"Is this project bankable?"*

Deliverables

Participants will receive documentation and practical frameworks for use beyond the training, including:

- A comprehensive course manual with annotated notes, frameworks, and case studies.
- An annotated PPA with notes on what lenders should focus on
- Access to presentation slides used during the masterclass.

- Contractual Ecosystem Map (to track interlinked agreements).
- The Banker's Red-Flag Checklist — a practical due diligence tool for evaluating projects and conducting stress test for project loans.
- Value Chain Risk Checklist (gas → generation → transmission → distribution).
- Macroeconomic Risk Guide
- Access to exclusive alerts on policy, regulatory and other market developments that have impact on project bankability.

Who Should Attend

This masterclass is designed for:

- Commercial and investment bankers financing electricity projects.
- Risk managers and credit officers in financial institutions seeking to strengthen sector knowledge.
- Legal and compliance officers in banks reviewing power project agreements.
- Investors exploring opportunities in Nigeria's power sector or who want to raise finance for their power projects.

Full Course Curriculum

Day 1 – Context and Foundations: Risks and Realities in the Power Sector

Morning – The Electricity Market: Institutions, Players & Current Issues

1. The Electricity Market – Key Players, Institutions, and Market Realities

- Overview of the market structure: generation, transmission, distribution, trading.
- Key market participants and their roles.
- Structural issues: liquidity shortfalls, tariff setting, subsidy arrears, debts, gas supply issues, metering gaps etc.
- Why this matters to financiers: the project sits inside this market — cash flows are dependent on its health.

2. Why Bankability Matters: Lessons from Stranded Projects

- Definition of "bankability" in the Nigerian context.

- Review of projects that failed to reach financial close despite signing PPAs or are struggling with payment shortages.
- Project failure consequences for lenders: stranded assets, non-performing loans, reputational damage.
- Key early warning signs that financiers should not ignore.

Midday - Power Value Chain Risks

The Nature of Risks at Each Stage of the Chain.

A. Gas Risks (Supply and Transportation)

- Security of supply: pipeline vandalism, upstream underinvestment.
- Quality of fuel: implications for plant performance.
- Take-or-pay clauses and their impact on cash flow.

B Generation Risks

- Construction delays and cost overruns.
- Technology choices: reliability and maintenance challenges.
- O&M contract enforcement.
- Availability of fuel.

C. Transmission Risks

- Grid reliability issues.
- Wheeling capacity constraints.
- Risk of stranded generation capacity due to lack of grid evacuation.

D. Distribution Risks

- Liquidity shortfalls from poor collections.
- Tariff considerations.
- Technical losses.

Afternoon

Legal/Regulatory, Force Majeure, Macroeconomic and Political Risks

1. Legal/Regulatory

- Change in Law.
- Change in Tax.

- Change in Tariff.

2. Force Majeure

- Natural Force Majeure.
- Political Force Majeure (Local and Foreign).

3. Macroeconomic Risks

- FX convertibility.
- Inflationary impacts on tariffs and contracts.
- Interest rate shifts.

4. Political Risks

- Budgetary provision for subsidies.
- Political transitions and policy reversals.
- Expropriation.

Management of Power Value Chain Risks

- Liquidity interventions.
- Budgetary provisions for government subsidies
- Credit enhancement considerations.

Lessons for lenders: how to anticipate and mitigate systemic exposure.

Day 2 – Contractual Ecosystem & Value Chain Risks

Morning – The PPA as the Core

Some Key PPA Provisions: Payment, Termination, Force Majeure, Change in Law

- Payment structures: capacity vs. energy payments, take-or-pay / take-and-pay.
- Termination events and consequences for lenders.
- Force majeure: political vs. natural events, and how financiers should interpret them.
- Change in law: fiscal, regulatory, and sector-specific changes.
- Insights from negotiations with Independent Power Producers (IPPs) and lenders and balancing investor demands with sovereign concerns.

Midday – The Contractual Ecosystem of the PPA

1. Mapping the Agreements (Note: The Chain is as Strong as the Weakest Link)

- Gas Supply Agreement (GSA)
- Gas Transportation Agreement (GTA)
- Grid Connection Agreement (GCA)
- Engineering Procurement Construction (EPC) Contract
- Operation & Maintenance (O&M) Agreement
- Direct Agreements
- Payment security agreements.

2. Principle: No Risk Left Stranded — Allocation Must Be Consistent

- Why cross-contract consistency matters.
- Examples of "gaps" where risks slipped through and undermined projects.
- The lender's role in ensuring allocation discipline.

Afternoon - Due Diligence

Key Aspects of Due Diligence to Undertake to Avoid Losing Your Money

- Project Developers – Assess credibility, track record, and commitment.
- Project Contracts – Check strength, alignment, and risk allocation.
- Electricity Market – Understand liquidity, off-taker reliability, and grid realities.
- Regulatory Framework – Review licensing, tariff structure, and regulatory stability.
- Government Policy – Gauge policy consistency, subsidies, and political risks.
- Macroeconomic Issues – Factor in FX, inflation, interest rates, and overall economic climate.

Day 3 – Off-Grid Projects and Capstone Simulation Exercise

Morning to Midday – Off-Grid and Distributed Power

1. Growth of Off-Grid in Nigeria / Africa

- Mini-grids, solar home systems, C&I rooftop solar.
- Government initiatives and donor-backed programs.
- Key differences between Grid and Off-Grid projects.

2. Regulatory Framework

- Key elements of the regulatory framework analysed.

3. Risks in Off-Grid Lending

- Payment collection management.
- Technical risks: maintenance and performance of distributed systems.
- Community engagement and acceptance.

4. Contractual Framework for Off-Grid Projects

- Concession or Site Agreement.
- PPA / Energy Sales Agreement
- Connection & Distribution Agreement
- Community Agreement / Social Contract
- Financing & Grant Agreements
- Engineering, Procurement & Construction (EPC) Contract
- O&M Agreement

Afternoon: Capstone Simulation

Teams will:

- review a power project scenario that mirrors the real decisions financiers face when asked: *"Is this project bankable?"*
- identify risks across: contractual, value chain, regulatory, policy, and macroeconomic dimensions.
- recommend ways of addressing the risks.
- decide: lend or reject?

Facilitator debrief highlighting lessons for real-world transactions.

Instructor Profile

Dr. Nnaemeka O. Ewelukwa

Dr. Ewelukwa is one of Nigeria's foremost experts on power sector law, policy, and transactions, with over 25 years of legal, academic, and executive leadership experience. At the Nigerian Bulk Electricity Trading Plc (NBET), the government-owned bulk trader that sits at the center of Nigeria's electricity value chain, he served as the pioneer General Counsel & Company Secretary, and later as Managing Director/CEO.

Prior to NBET, he served as a Technical Adviser on electricity regulatory and transaction issues with the Presidential Task Force on Power (PTFP) set up by the Federal Government of Nigeria (FGN) to lead the implementation of the reform roadmap for the power sector.

As NBET General Counsel, he led the negotiation and execution of landmark agreements that underpinned the $2.6 billion privatization of Nigeria's generation and distribution companies, including Power Purchase Agreements (PPAs) with the Generation Companies (GENCOs) and Vesting Contracts with the Distribution Companies (DISCOs). He led the negotiation and finalization of PPAs and payment security frameworks that resulted in multimillion dollar power generation investments in Nigeria.

As Managing Director/CEO, Dr. Ewelukwa had a 360-degree view of the Nigerian electricity market, given NBET's central role in the market. He provided strategic leadership in administering government guarantees, developing contractual frameworks for gas supply stabilization, and negotiating PPAs for both renewable and gas-fired projects. He provided policy advisory to cabinet ministers and guided NBET's policy engagement with the Ministry of Finance, Ministry of Power, the Nigerian Electricity Regulatory Commission (NERC), the Transmission Company of Nigeria (TCN), and international financiers. His leadership included advising on electricity market reforms and frameworks for bankable contracts.

Dr Ewelukwa's unique vantage point — the intersection of electricity policy, regulation, contracts, and commercial transactions — provides participants with rare insights into how government decisions and contractual frameworks shape the bankability of power projects. They will understand not only the text of agreements but the market realities, risks, and dynamics that determine whether projects succeed or fail.

Dr. Ewelukwa has a PhD in electricity legal reforms in Nigeria from the University of London and is a co-author of the following globally recognized electricity handbooks widely used across Africa: ***Understanding Power Purchase Agreements***, ***Understanding Power Project Financing***, ***Understanding Power Project Procurement*** and **Understanding Energy Storage**. The handbooks resulted from highly effective teamwork involving him and other leading electricity experts from leading global law firms and organisations such as the World Bank, African Development Bank, United States Department of Commerce, African Legal Support Facility, Standard Bank (South Africa), Standard Chartered Bank (South Africa), Development Bank of Southern Africa, Investec Bank Limited (South Africa), United States Overseas Private Investment Corporation (OPIC), African Finance Corporation.

Dr. Ewelukwa's approach is practical, experience-driven, and focused on equipping financiers with the tools to make sound lending decisions in a challenging but opportunity-rich sector.

Contact Us Today

Nigeria's power sector is too risky for guesswork. One wrong assumption, one poorly negotiated clause, or one overlooked red flag can turn a promising deal into a stranded project. This masterclass gives you the tools, insider insights, and proven frameworks you need to ask the right questions, structure transactions properly, and protect your institution from costly mistakes.

Seats are limited to ensure interactive participation. Do not wait until the next failed project to learn these lessons.

👉 **Register now and master how to protect capital by backing only bankable projects.**

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Spot the risks. Ask the questions. Fund only bankable deals.