



CASE STUDY

Risk Management Framework of a Renewable Energy Platform

Our team of experts assisted a leading global renewable energy platform (the “Company”) in developing its risk management framework and establishing a new comprehensive hedging program.

SITUATION

The Company is a renewable energy infrastructure owner, developer and manager (e.g., solar and wind energy production and energy storage). As a firm operating globally and requiring significant financing, the Company is exposed to foreign exchange (“FX”) and interest rate (“IR”) risks, which were managed on an ad-hoc basis.

The Company had just received a large investment from a leading private equity firm (the “PE Firm”) and hired FTI to upgrade its operations ahead of its next growth phase. As part of its advisory work, FTI Consulting was tasked with designing the Company’s new FX and IR risk management and hedging framework.

OUR ROLE

Our team of experts reviewed the Company’s existing hedging strategies, governance, and risk controls. We assessed the effectiveness of legacy strategies and potential risk exposures derived from its unhedged positions.

Based on its review, we defined a comprehensive updated hedging framework and drafted an updated risk management policy following industry best practices and meeting the company’s objectives. As part of this framework, the team:

- Evaluated the types of derivatives appropriate for hedging FX and IR exposure that were suitable with the Company’s risk appetite and capital efficiency requirements;
- Constructed a flexible policy to accommodate future business growth and upcoming changes to include a mix of permanent financing through a multi-currency “warehouse” financing facility and project specific term loan financing;
- Identified appropriate lines of authority and governance to manage the hedging activities.

Leveraging our proprietary risk management system, FTI Quantum, we constructed a customized derivatives hedging strategy based on the Company’s current exposures and business forecast.

OUR IMPACT



We designed an FX and IR risk management and hedging framework that fits the Company’s global operating model and footprint. The framework was approved and implemented by the Company.



Our team assisted the Company in expanding its treasury function and helped it identify a new treasurer to lead the implementation of the hedging framework.



To the satisfaction of the Company’s management and the PE Firm, the new hedging framework is both sustainable and flexible and will support the Company in its next phase of expansion.

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