



CASE STUDY

# Support to the Togolese State for the Negotiation of a PV Solar Power Plant

FTI Consulting advised Togo's Ministry of Energy and Mining, on the economic and financial aspects of the negotiation of a 30-MW solar power plant and associated battery electricity storage project contracts.

The assignment included the review of draft contracts between the Togolese Republic and the project company as well as the review of the project financial models provided by the investor, analysing risk balance between the investor and the State as well as benchmarking cost and financial conditions to derive concrete market-based proposals to obtain a fair deal for Togo.

## SITUATION

A European investment fund was considering a concession of 25 years for a solar power plant and associated battery electricity storage project in Togo, with a potential generation power of 67 GWh p.a.

To launch this project, the investment company needed to sign a Concession Agreement and an Electricity Purchase Agreement with the Togolese Government (and the state-owned national electric distributor), who hired FTI Consulting to advise on the economic terms and conditions of the project.

## OUR ROLE

To support the Ministry of Energy and Mines of the Togolese Republic, FTI Consulting reviewed the Term Sheet, the draft contracts and the financial models upon which the investor based its financial requirements.

In our review of the draft contracts, we focused on the allocation of the risk of cost variations. We proposed to the client an alternative scheme of risk sharing that decreases the risks borne by the Togolese State, supported by international successful examples and market benchmarks.

We reviewed the financial model provided by the investor company, and also considered the technical and feasibility studies supporting it. We reviewed the model's alignment with the draft contracts' financial clauses and analysed investor's profitability drivers to consider in the negotiation. Our analyses led to several comments on various aspects of the financial model, including the revenue, OPEX, CAPEX and cost of capital, which led to a more accurate, transparent, and clarified financial model for both parties.

We provided the Ministry with a memorandum summarising our analyses and providing suggestions for economic negotiation positions reducing the tariff and/or risks carried by Togo, based on arguments quantitatively supported by international benchmarks. We also provided economic comments on their propositions to the investor company to amend the financial model and risk balance envisaged to ensure a better alignment with market standards and efficient risk bearing.

## OUR IMPACT



FTI Consulting provided the State parties with a robust analysis of the draft contracts and the financial models attached, enabling the electricity buyer to efficiently negotiate the solar project terms and to share risks in a balanced manner.



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