



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Report on Refinancing
of the
Dublin Waste to Energy Project

26 September 2018

1 DWtE Refinancing

1.1 Overview.

The Dublin waste to Energy Project is a Public Private Partnership (PPP) between Dublin City Council (*'the Authority'* acting on behalf of the four Dublin Local Authorities) and Dublin Waste to Energy Limited (*'the PPP Co.'*). The Project is for the Design, Build, Finance, Operation and Maintenance of a 600,000 tonne per annum, Waste to Energy Facility. The PPP Co. was responsible for financing the construction, commissioning and operation of the Facility. The Project was funded on a project finance basis by a consortium of domestic and international banks in conjunction with equity investors.

1.2 2017 – Refinancing.

In January 2017, DWTEL notified the Authority that they intended to refinance the DWtE Projects' debt funding, post the commencement of operation, which occurred in November 2017.

At the time the senior debt was secured for the Project (2014), senior debt margins for Irish PPPs were very high primarily due to Ireland's participation in the EU/IMF programme and sub investment grade credit rating.

However, subsequent to Ireland's emergence from the EU/IMF programme and uplift in credit ratings, debt margins for Irish PPPs have substantially declined as international funders re-enter the Irish market. The improved funding market created scope for significant refinancing gains, as there were much improved financing terms available for both senior debt margins and base rates.

Dublin City Council as the Authority, appointed the National Development Finance Agency (NDFA) and Philip Lee as financial and legal advisors respectively for the re financing process in early 2017.

Under the terms of a Project Agreement (*'the PPP Contract'*), it is standard practise that the Authority would be entitled to a percentage of any refinancing gain associated with a PPP Project debt restructuring. The calculation methodology for the refinancing gain, as prescribed in the Project Agreement, is the difference in shareholder distributions prior to the refinancing taking into account the effect of the refinancing versus excluding the effect of the refinancing. The gain is expressed in NPV terms discounted at the sponsor's equity IRR. The Project Agreement further permits the Authority to take its share of the refinancing gain as a lump sum payment. The Project refinancing occurred on the 14th of December 2017 and the Authority's refinancing gain was calculated to be €8,025,224.24. In line with the Dublin Local Authorities Agreement the respective Local Authorities were entitled to the following amounts:

Dublin Local Authority**Amount**

Dublin City Council	€3,318,359
Fingal County Council	€1,724,611
South Dublin County Council	€1,674,859
Dun Laoghaire Rathdown County Council	€1,307,396
Total	€8,025,225

James Nolan

Senior Executive Officer