



European Commission
Directorate General Enterprise & Industry



EIFN WORKSHOP IN VALENCIA

Session Report 27.10.2006



1 Main topics discussed on the Workshop

- Innovation Mapping in the Sector
 - ✓ Financing focus
 - ✓ Access for Promoters
 - ✓ Role of the Financial Agents
 - ✓ Improving the access of energy entrepreneurs to financial services

- Application of Real Option Approach
 - ✓ Options
 - ✓ Real Options & Solutions
 - ✓ Methodology

- Application of Monte Carlo Methodologies
 - ✓ Simulation Advantages
 - ✓ Monte Carlo & Principles
 - ✓ Methodology
 - ✓ Other Methods

2 Workshop Programme

10.15 - 10.30: Registration
10.30 - 11.00: Innovation mapping in the energy sector
11.00 - 11:30: Application of real option approach to innovation project
11.30 – 12.00: Application of Montecarlo methodologies to innovation project
12.00 - 13.00: Lunch
13.00 - 14.00: Conclusions

3 General Comments on the Discussions

The first section, EU innovation mapping in Energy Sector, focused on the financial agents and entrepreneurs, as well as the different manners in which these actors interact. The main topics discussed throughout this section were (1) the access to financial services for energy innovation projects and (2) the role played by financial agents regarding energy innovation.

The focal point of the second and third sectors was the description of two methodologies: Real Option and Montecarlo. These approaches apply the financial options theory to quantify the value of management flexibility within a context of uncertainty and high volatility, capturing the value of the managerial flexibility to adapt decisions in response to unexpected market developments. On the one hand, entrepreneurs have new tools to evaluate projects, and on the other hand investors create value by identifying, managing and exercising the options associated with their investment portfolio.

The Real Options Approach explains the way in which this method integrates solutions using the financial theory, economic analysis, management science and decision sciences among others. In order to apply the options theory to value real investment projects, thus improving the decision making process. Moreover, the process to make this method perform as well as a number of practical examples was described during the presentation. After the presentation, participants took part in a very constructive discussion on the manners in which this approach might be a helpful tool for entrepreneurs and financial agents.

The last section was devoted to the Montecarlo methodology, a method based on simulation models (understanding them as processes that design and develop a computerized system or process and carry out experiments using this model with the intention of evaluate the different strategies that the system can be operated) used when analyzing problems that do not have an explicit random component and thus providing solutions for particular situations with high volatility in their cash flows.

4 Impressions on the Workshop

- Most participants (85%) considered the overall quality of the Workshop high or very high
- 80% considered that the workshop met their expectancies well or very well
- 75% considered the relevance of the covered topics high or very high

- The duration and timetable was considered good or very good by most participants (90%)
- The methodology of the meeting was considered good or very good by most participants (80%)
- The documentation provided was considered of good or very good quality by 75% of the participants
- The overall organization of the workshop (registration, communication, room, etc.) was considered good or very good by most participants (90%)

The Innovative Approach for Financing Energy Projects in Europe was a success, reaching a high degree of participation and satisfaction. The attendees participated actively during the entire workshop, expressing their views, sharing knowledge and contributing to improve the issues discussed.

5 Speakers

- Enrique Doheijo (Deloitte)
- Angel Gimenez (Deloitte)
- Jose María Fresneda (Deloitte)

6 Lists of Participants

Participant	Company
1. Javier Larrinaga	Kutxa
2. Santiago López Barba	Red Eléctrica de España
3. José Francisco Nuñez	Abengoa
4. Milagros López Simón	Dragados
5. Alberto Quevedo González	Consentino
6. Santiago Marín	Red Eléctrica de España
7. José Antonio Castro	Comisión Nacional de la Energía
8. Luis Izquierdo	Capgemini
9. Alfonso Encinas	Universidad Politécnica
10. Nuria Sánchez	Gas Natural
11. María Soledad Molinuevo	Deloitte
12. Ulrich Meyer	ZAB
13. Rosario Lanzafama	CCR
14. Sebastián Brusca	CCR
15. Silvia Consentino	CCR
16. Vaclavas Kveselis	LEI
17. Oksana Koryak	Instituto de Empresa
18. Rachida Justo	Instituto de Empresa
19. Hanna Burczy	IEN-CENER
20. José Ramón López	EVE
21. Andrzej Slawinski	NCP
22. Alexandra Buczkowska	NCP