

# **Case Study 1**

## **POLITICS, INSTITUTIONS AND PROJECT FINANCE: THE DABHOL POWER PROJECT**

### **Case Study Assignments**

1. Analyse and comment on the contractual operational risk management/mitigation arrangements that underpinned the original Dabhol Power Project.
2. Assuming that the measures for mitigating operational risks that underpinned the Dabhol power project were a problem, discuss how Enron may have demonstrated .credible commitment. to the Dabhol power project.
3. Suggest approaches to manage risks in an unstable political and institutional environment associated with non-recourse/limited recourse finance.

### **References :**

- Pretorius, F., Lejot, P., McInnes, A., Arner, D. and Hsu, B. (2007) Project Finance for Infrastructure and Construction: Principles and Cases, Oxford: Blackwell Publishing.
- Sant, G., Dixit, S. and Wagle, S. (September 1995) "The Enron Controversy: Techno-Economic Analysis and Policy Implications", Prayas Monograph, Prayas: Pune, India, [http://www.prayaspune.org/energy/04\\_Enron\\_Controversy%20.pdf](http://www.prayaspune.org/energy/04_Enron_Controversy%20.pdf) (accessed 28 December 2006).