



## Renewable Energy Finance Highlights

### Equipment Types

Renewable energy equipment can include the following:

- Solar PV systems.
- Solar PV + Energy Storage Systems.
- Energy Savings Projects (LED Lighting Retrofits, Smart HVAC, etc).
- Energy Storage Systems.
- Cogeneration Facilities
- Biomass / Anaerobic Digesters.
- Microgrids.
- Natural Gas Turbines.
- Fuel Cells.

### Transaction Structures

- Operating Leases
  - 100% Financing.
  - Transaction size \$1.5 million to \$25 million+
  - Terms up to 120 months with possibility to go longer with investment grade credits.
  - Lessor monetizes the tax attributes.
  - Enhanced Pricing to Lessor.
- PPA Sponsor Financing (Operating Lease to project company)
  - A special purpose entity is created by a renewable energy investor to sell power to a credit-worthy energy purchaser under a long-term power purchase agreement (PPA).
  - The PPA is typically a 20 – 25-year hell-or-highwater contract.
  - Lessor enters into an operating lease (120-month term) and takes a collateral assignment of the PPA.
  - Projected net operating income for project company covers the operating lease payment at a comfortable margin.
  - Lessor finances 100% of equipment cost and renewable energy investor is required to bring in a certain level of investment into the special purpose entity.
  - Enhanced Pricing to Lessor.

- Capital Leases
  - Equipment Cost \$200K - \$10MM
  - Terms Up to 120 months.
  - Up to 100% Financing.
  - Client keeps all tax benefits

## Targeted Customers

- Operating Leases: Investment grade and near investment grade rated corporations (rated BB and above).
- PPA Sponsor Operating Leases: Well backed and experienced renewable energy investors who have power purchase agreements with investment grade rated corporations, non-profits and school districts and other municipalities (assume BBB- to AA+).
- Capital Leases: Profitable Middle Market Companies with revenues of \$10 million and above and good cash flow.

## Sample Deals Closed

\$8.9 Million Operating Lease with an AA rated financial services company on a solar facility.

- All In After Tax Yield to Lessor in the mid 6's.
- 120-month first amendment lease term.
- End of term- FMV no less than 20%.
- Early buyout option at 108 months.
- 30% Investment Tax Credit.

\$2.0 Million Operating Lease with an AA rated publicly traded technology company on a solar facility.

- All-In After-Tax Yield to Lessor in the low 6's.
- 120-month first amendment lease term.
- End of term- FMV no less than 20%.
- Early buyout option at 108 months.
- 26% Investment Tax Credit
- First of multiple projects with this client.

\$9.8 Million PPA Sponsor Operating Lease to Special Purpose Entity supported by a PPA with a with an A1 rated California School District on solar facilities at two high schools and general facilities buildings.

- All-In After-Tax Yield to Lessor in the high 5's.
- 120-month first amendment lease term.
- End of term- FMV no less than 28%.

- Early buyout option at 108 months.

\$4.8 Million PPA Sponsor Operating Lease to non-rated city for solar facilities at five city owned properties.

- All-In After-Tax Yield to Lessor in the high 5's.
- 120-month first amendment lease term.
- End of term- FMV no less than 25%.
- Early buyout option at 96 months.