Renewable Energy Finance Highlights

Equipment Types
Renewable energy equipment can include the following:

- Solar PV 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
  o Equipment Cost $200K - $10MM
  o Terms Up to 120 months.
  o Up to 100% Financing.
  o 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.