Emerging Solar Financing Mechanisms
AGENDA

- About Geronimo Energy
- Aurora Solar Project
- What’s NOT Emerging
- Structures for Small-Medium Scale
- Structures for Large Utility Scale
- Questions
Company Backgrounds
Geronimo Energy & Enel Green Power

• Utility-scale renewable energy developer headquartered in Minneapolis, MN
• Geronimo has successfully developed and built three projects in Minnesota
• Awarded 992 megawatts of Power Purchase Agreement’s for delivery in 2014 & 2015
• Ranked 4th in U.S. by Bloomberg New Energy Finance in awarded contracts - 2013
• 3,500 megawatt pipeline of wind and solar farm development assets
• Fully staffed team with competencies in marketing, development, real estate, permitting, finance, accounting, sales, etc.

• The 2nd leading generator of renewable energy in the world.
• Over 600 plants in operation around the world with over 7,000 MW of capacity
• 2013 revenue of ~€2.8 billion
• 2013 EBIDTA of ~ €1.8 billion
• Market capitalization of ~ €9.8 billion
• A majority owned subsidiary of Enel SpA
  • Second largest utility in Europe
  • Investment grade credit rating

Geronimo’s strategic partnership with EGP provides vast experience and financial capabilities
Aurora Solar – Distributed Energy Production

- Total Operational Capacity of all sites: up to 100 MW AC
- Site Sizes: 2MW – 10MW (~10 to 70 acres)
- Distributed Energy Production near existing utility infrastructure
- Reduction in line loss, elimination of transmission costs, geographic diversification of generation
- MISO Tariff provides single axis tracking solar a capacity credit of ~70% of AC Nameplate
- Construction timeline: 2015 - 2016
  - Staggered/rolling construction of sites
  - 4-9 months per site (estimated)
What’s NOT Emerging

- Partnership Flip and Sale-Leaseback
  - Complicated
  - Costly source of capital
  - Limited number of investors
  - Significant scale needed
Emerging Structures for Small Projects

- Crowd Funding (Buzzword with a lot of meanings)
  - (hopefully) Cheaper
  - More flexible
  - Structuring risk
- Pre-paid PPA (Large or small)
  - Well documented in gas and wind markets
    - Offtaker pays upfront for ~60% of facility output for a discount
    - Offtaker signs a PPA for the balance of facility output
    - Combines offtake and project financing into one agreement
    - Does not provide tax equity
    - Offtaker may issue tax exempt debt to fund prepayment
    - Complicated but can be cost effective
Emerging Structures for Large Projects

• MLPs
  – This is my bullet point on MLPs

• REITs
  – Huge potential depending upon IRS treatment of solar property
  – Can already be used for a slice of capital
  – Reasonable cost

• Yield Cos
  – Pattern Energy, NRG Yield, TransAlta Renewables
  – C-Corp used to hold income producing assets
  – Requires tax appetite within entity
  – Requires huge scale to attract public capital
  – May serve as effective monetization vehicles for developers
Questions?