

Emerging Solar Financing Mechanisms



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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?

