

Clean Energy Finance

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Policy Supported Finance

- Energy is a commodity
- Financing requires adequate price or price plus policy support
- Policy supports can reduce capital cost or provide extra revenue for each unit sold

Comparing Capital Constructs

Construction/
Mezzanine

- Long term financing commitments
- EPC Contract
- Permitting



Equity/Debt/Subsidy



- Debt coverage ratios
- Off-take risk
- Technical/operational risk
- Subsidy risk
- Market risk

Complexity is the Enemy

- Complex deals are expensive to put together
- Complex deal structures limit investor pool
- Smaller projects become economically unviable

- Solar Example

Cost = 100

PPA price = 70

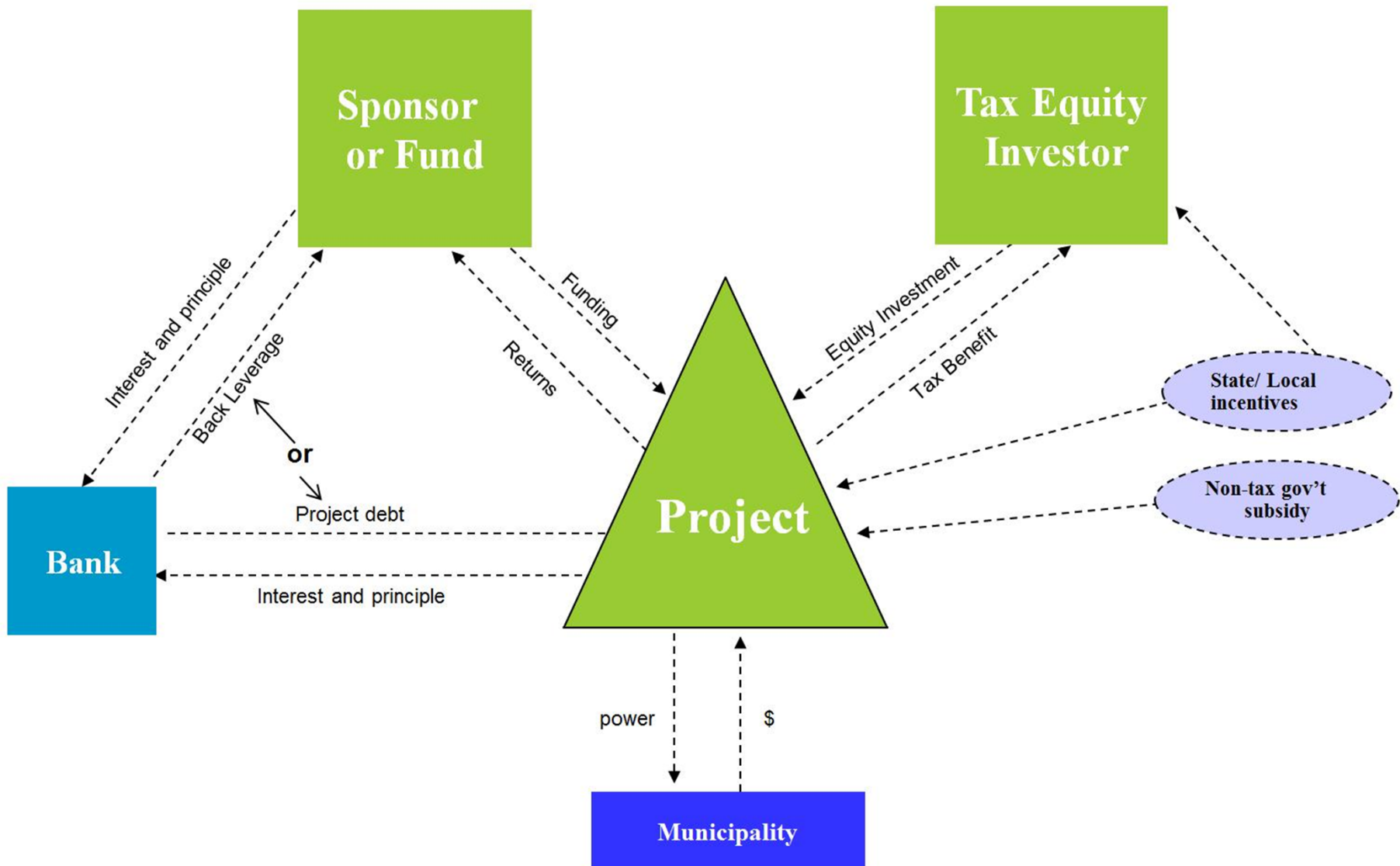
Federal Tax incentives = 45

RECs = 20

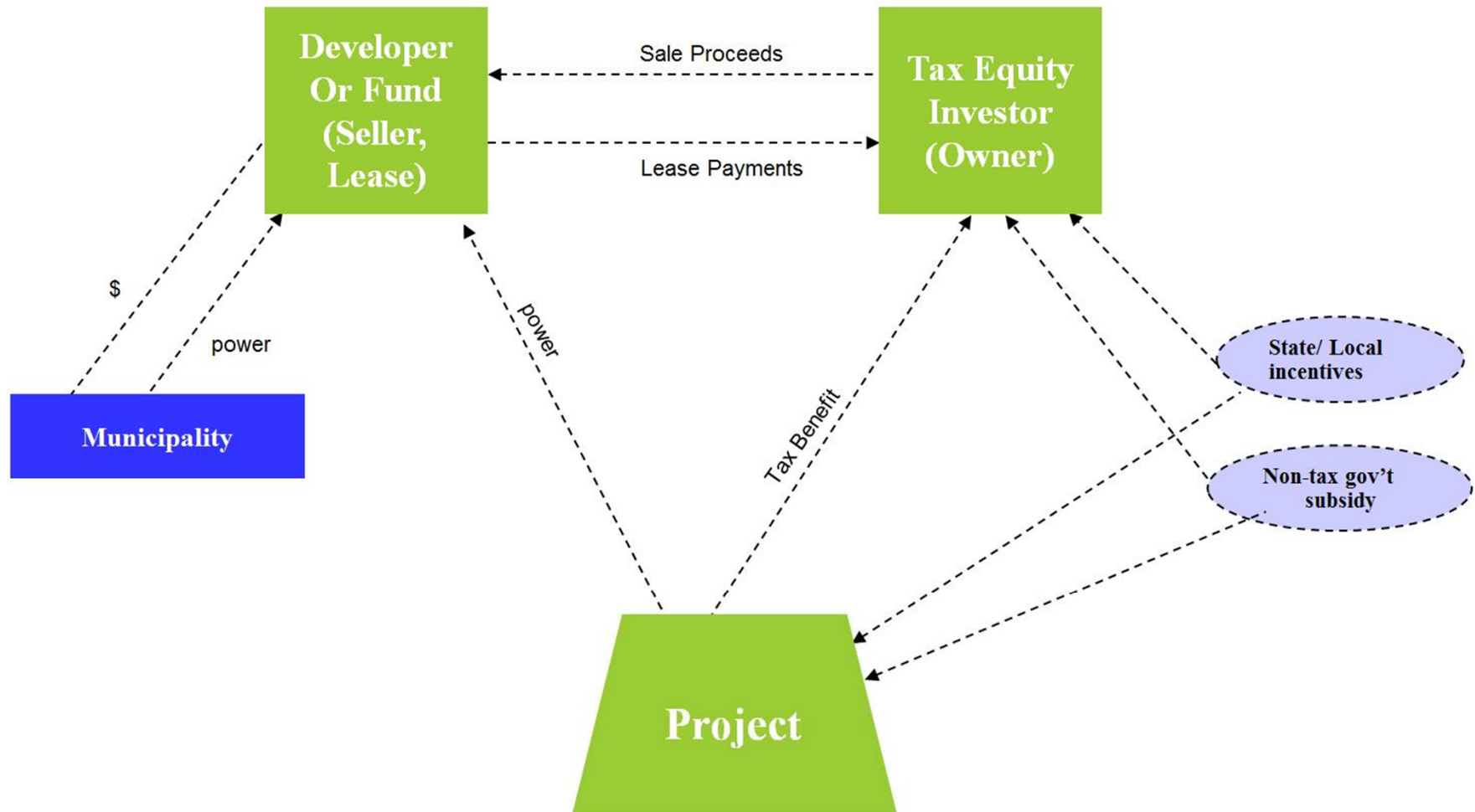
Property tax abatement = 5

- Project will not get financed without use of incentives

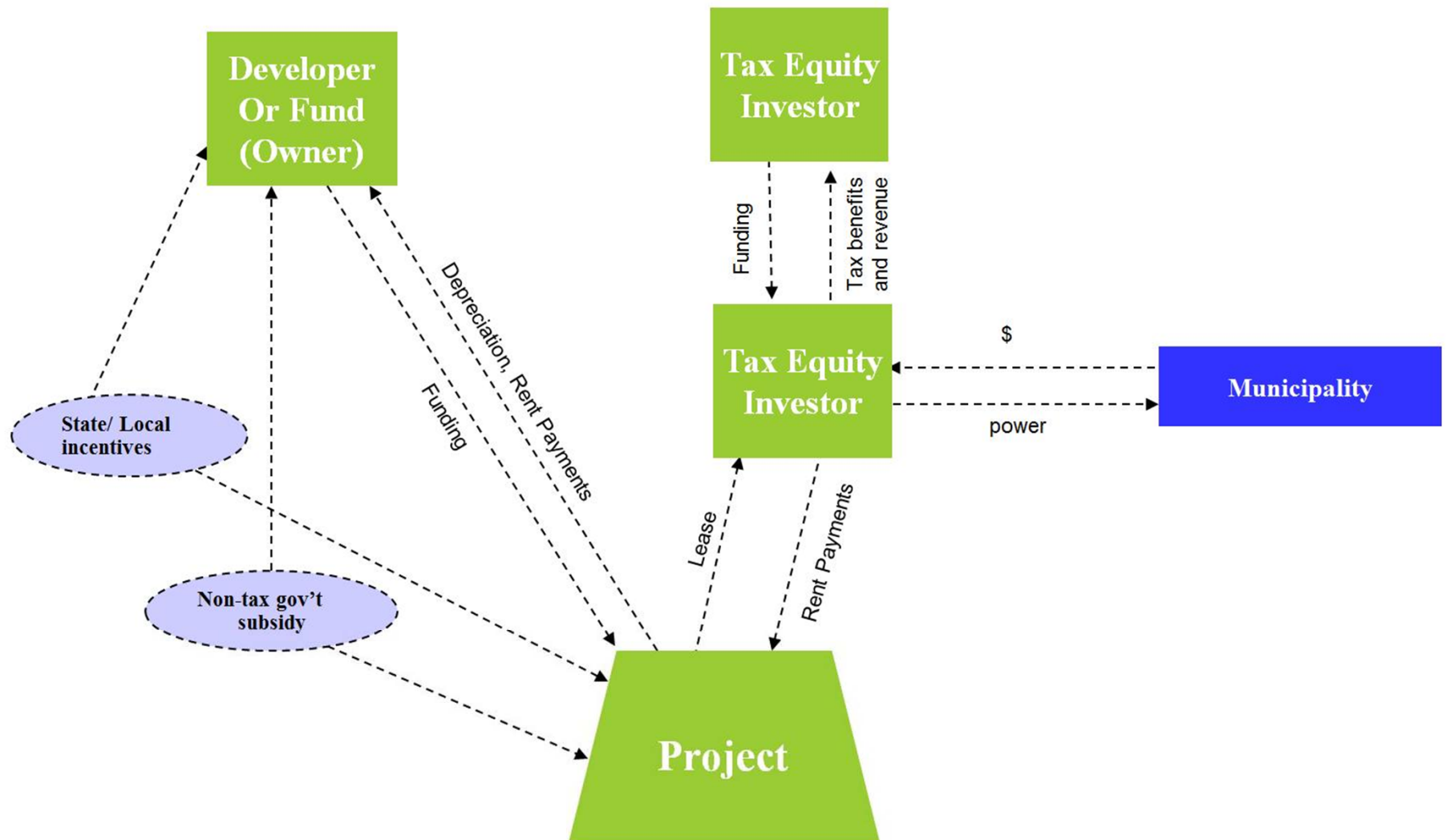
Equity Flip Partnership



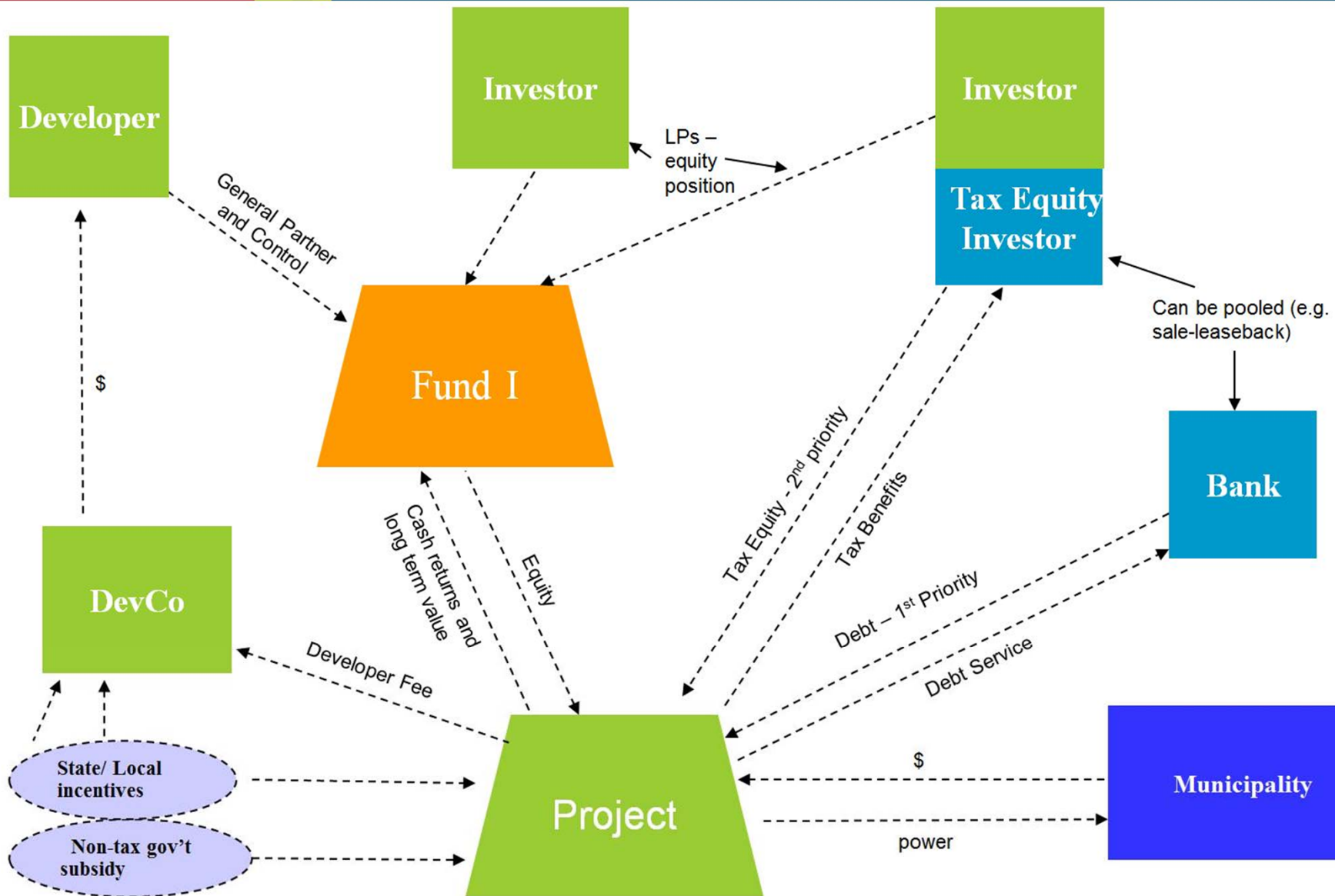
Sale Leaseback



Inverted Lease



Potential Fund Mechanism I





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