Innovations and Obstacles in Financing Renewables

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About Renewable Choice

A leading provider of renewable energy and sustainability products and services to organizations globally. Founded in 2001; headquartered in Boulder, Colorado.

Helping companies buy renewable energy for over 13 years

Commercial market development and leadership:

- ✓ 5,000+ LEED-certified projects
- ✓ 60+ Fortune 500 clients

EPA GREEN POWER *Supplier of the Year*

mosaic SUSTAINABILITY

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Project Financing Landscape

- ✓ Thousands of projects in pipeline
- ✓ Fewer investors than 6 years ago
- ✓ Developer desire for new customer class
- ✓ Significant need for more tax equity and credit-worthy offtakers

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Options

Competitive power procurement

On-site

Physical PPA

- New Development
- Existing Projects

Virtual PPA

RECs

Investments

- Tax equity investment
- Sponsor equity investment

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Option Comparison

	Leased Facilities	Upfront Investment	Overall Cost Savings	Term	Project Size	Typical Investment Size	Returns/ Savings	Geography	Other Requirements
Competitive Electricity	x		Variable	1-3 years	Any	$0	0-10% savings	16 states	
On-site Purchase		✔	✔	20 years	100kw+	$300k+	15-30% IRR	Any	rooftops or land, tax appetite
On-site PPA			✔	20 years	500kw+	$0	10% savings	22 states	rooftops or land
Physical PPA - existing project	x	Variable	✔	3-20 years	5MW min	$0-$10M	$1-$50M	16 states	
Physical PPA - new project		Variable	✔	10-20 years	10-25MW min	$0-20M	$1-$50M	16 states	
Virtual PPA	x	Variable	✔	10-20 years	10-25MW min	$0-$20M	$1-$50M	Any	tolerance for cash flow variability
Tax Equity	x	✔	✔	5-10 years	Any	$5M+	8-15% IRR	6-10 states	tax appetite, accounting considerations
Sponsor Equity	x	✔	✔	5-10 years	Any	$1M+	8-20% IRR	6-10 states	accounting considerations
RECs	x	✔		1-20 years	Any	< $1M	None	Any	

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Equity Investments

- Tax equity for projects is in short supply, creating very high yields (8-15% IRRs)
- Requires a tax liability and upfront capital investment
- Sponsor equity

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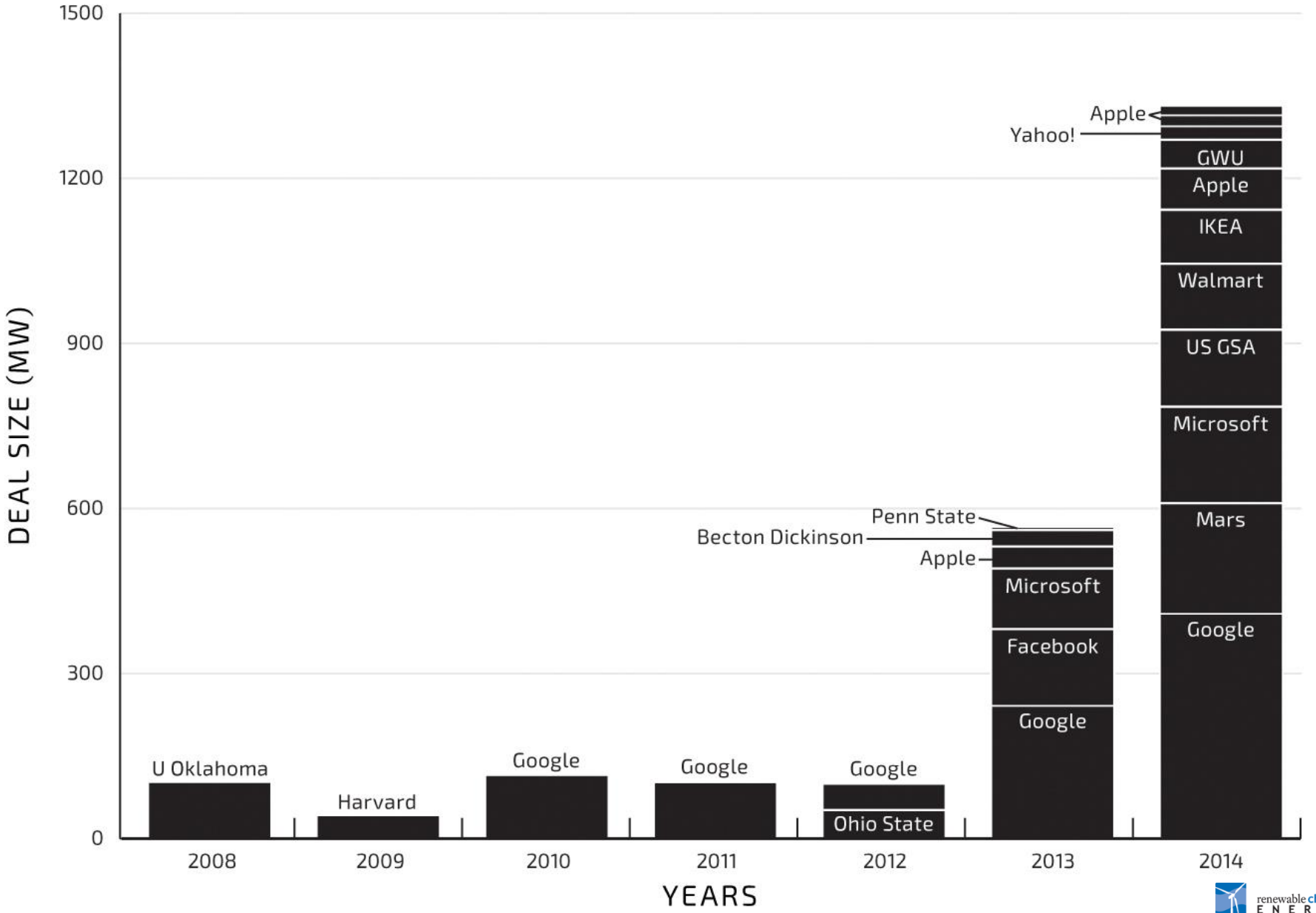
Corporate PPAs Driving New Financing



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PPA Financials

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Challenges

- Executive buy-in
- High return hurdle rates
- Coordinating stakeholders
- Timeline
- Tax and accounting issues
- Visibility into financial risk and upside

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Thank You

Questions or comments?

Quayle Hodek
Chief Executive Officer
Renewable Choice Energy
4775 Walnut Street
Boulder, CO 80301
303.551.7583 (d) | www.renewablechoice.com

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