

Solar Power Partners



Accelerating the Learning Curve: Safe Financing Options for Renewables

Green California Summit, March 16, 2010



**SOLAR
POWER
PARTNERS.**

Agenda

- **Introduction to SPP**
- **Public-private partnerships: Case Studies**
 - West County Wastewater District
 - UC San Diego
 - Fresno International Airport
- **Finance Market Outlook**
- **Benchmarks for Choosing Developers**



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About Solar Power Partners

Turn-key performance based service

SPP bundles the development of a solar energy facility, financing through a Power Purchase Agreement (PPA), and on-going operations tailored to meet building owners' specific needs.

Long-term ownership

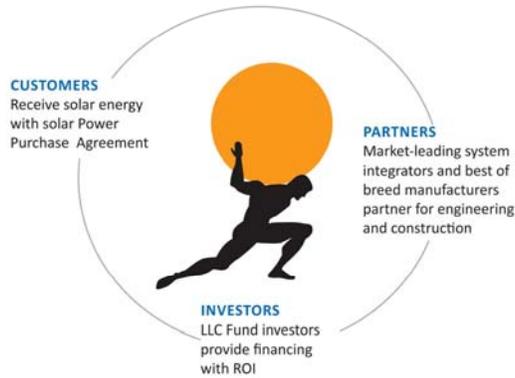
SPP owns a significant interest in the solar energy assets that have an expected life of 35+ years.

Flexible and responsive partnership investment structures

SPP creates structures that serve the needs of project Investors and Lenders.



The PPA Services Model



SPP Completed Projects At a Glance

43 Total Completed Projects

Equivalent to:



14 MW total



15,911 metric tons of CO2



1,806,016 gallons of gas consumed



2,207 homes energy consumption



Representative Projects:



PROJECT	West County Wastewater District
LOCATION	Richmond, CA
SIZE	1.014 MW
TYPE	Dual axis tracker
COMPLETION	Dec 2008

West County Wastewater District

“ I was pleased how quickly the units were assembled; having something assembled of this magnitude under a tight time constraint is pretty impressive. We were pleased with the product and design Solar Power Partners and Premier Power put forward on our site. Without the solar Power Purchase Agreement our cost to deploy would have been more challenging. Our ratepayers win, as we now have contractual stability over much of our energy costs for years to come. The working relationship between our staff, Solar Power Partners and Premier Power was extremely well tuned. ”

-EJ Shalaby,
General Manager
West County Wastewater District



Representative Projects



PROJECT	UC San Diego
LOCATION	San Diego, CA
SIZE	1.2 MW
TYPE	Rooftop and raised fixed
COMPLETION	December 2008 / October 2009 (dual phase)

UC San Diego

“ Solar Power Partners has done a great job in coordinating a set of complex installations on the UCSD campus. From contracts through construction, SPP has been professional, collaborative and flexible, and worked closely with our facilities team and their construction contractors to ensure that our needs were met. The resulting arrays are beautiful, and represent a clear commitment on the University’s part to meeting our sustainability goals. ”

David Weil
Assistant Director,
UC San Diego Facilities
Management



Representative Projects:

Fresno International Airport



PROJECT	Fresno International Airport
LOCATION	Fresno, CA
SIZE	2.4 MW total
TYPE	Ground-mount trackers
COMPLETION	September 2008

SPP was the first and only company to present a workable solution to FYI, and the result is one of the largest systems at an airport in the US. It is expected to produce a combined 4,145,000 kWh annually, approximately 40% of the airport’s annual power needs. FYI expects to save about \$13 million in electricity costs over the 20-year term and offset 62,175 metric tons of carbon dioxide.



Representative Projects:



PROJECT	County of Ventura
LOCATION	Ventura and Oxnard, CA
SIZE	492 kW total
TYPE	Fixed roof
COMPLETION	March 2010

County of Ventura

The County held an opening ceremony March 10, 2010 to dedicate this project, which serves as an excellent example of the public-private partnership.

The system is the first for the county using PPAs. Strong partners were a must for the County, who sees this effort as the spearhead of their carbon footprint reduction efforts.



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Finance Market: Tax Equity Market

- Market is expanding again; non-traditional players such as utilities and corporates looking to invest in tax structures
- Typical Structures:
 - Partnership Flip - simplest to execute; developer loses control of the project
 - Sale/Leaseback - 100% financing; bulk of benefit to developer paid upon completion
 - Lease Pass-through – most complicated; some tax investors prefer
- ITC v. Grant
 - Both are for 30% of the Project cost
 - Grant is available only for projects that are completed in 2009 – 2010 or that begin construction in those years and are completed by 2016
 - Grant is not subject to recapture in the event of an ownership change as long as the new owner is a qualified tax-paying entity



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Finance Market: Senior Debt Financing

- Bank Market
 - Bank financing generally not available for long tenors
 - Mini-perm structure (C + 5 to 7 yrs) – need to refinance
 - Banks willing to finance construction and bridge to tax equity and/or grant
- Institutional Market
 - Many institutional investors prefer not to take construction risk or to bridge to the grant
 - Available for long (15 to 20 yrs) tenors
 - Fixed rate with no upfront fee payable to the investor
- Tax-exempt market
 - May be available if a public entity is involved, but may come with ownership requirements
 - Prepay structure may be available



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Finance Market: DOE Loan Guaranty Program Issues

- Process/Timing
 - Expected to take several months to negotiate
 - Generally not available for refinancings
- Amount of Guaranty
 - 60 – 80% of the debt
 - But lender must obtain approval for 100% of the debt as if unguaranteed
- Lender Rights (v. DOE)
- NEPA/Davis-Bacon/Buy America Requirement
 - May be less of an issue for utility-scale projects



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Benchmarks for Choosing a Solar Project Developer

- By far the most important factor (other than PPA rate) is the developer's ability to execute over the life of the project
 - Track record of successfully financing and constructing SEFs
 - Management and team with experience in the utility space
 - Experience with larger-scale projects
 - Project finance expertise
 - O&M/asset management experience
 - Financial backing or wherewithal to stand behind commitments/address problems

