

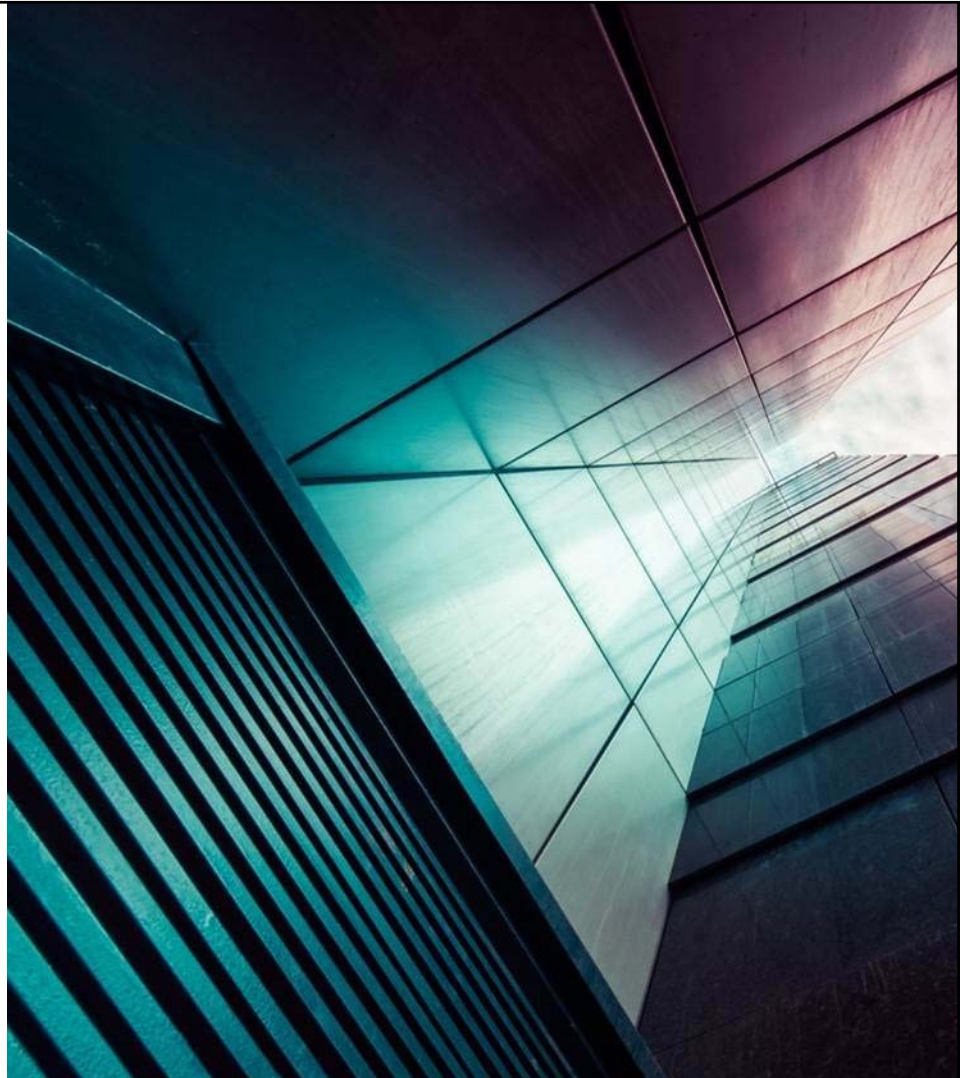
 **NORTON ROSE FULBRIGHT**

New Financial Products

New Tools for Project Financiers

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Solar Revenue Put

- Project owner purchases to protect lender from production risk (including weather, technology & panel degradation risks)
 - With the put, lenders apply a lower debt service coverage ratio (DSCR) in sizing loan
 - For every \$1 the borrower spends on the put, the borrower typically receives \$5 - \$7 of additional debt
- Utility scale solar - no put the market DCSR is lower of (a) 1.3x of the P50 case and (b) 1x of P99 case, with put for 95% of projected output lenders use DSCR of 1.1x for the P50 case
- Brokered and underwritten by kWh Analytics for Swiss RE
- Used by AES, C2, Coronal & DE Shaw

Proxy Revenue Swap

- Up to 10 year derivative contract that protects project from price, weather and shape risk
- Equipment and basis risk stay with project
- Project assured a fixed quarterly payment
- Provided by Nephila Climate, Allianz Risk Transfer, REsurety
- RFP Issued in April for 1000 MW
- Used by Capital Power, Apex, Southern, Invenergy, Enel, ENGIE, Ares/EIF, Scout, Macquarie, Elliott Green Power
- Wind and solar projects, including repowering
- US and Australian markets

Credit Risk Insurance

- Purchased by project owners to insure against payment defaults by offtakers
- If the offtaker fails to pay, the insurer pays
- Insures sub-investment grade or unrated offtakers
- Insurance provided by Energetic Insurance

Balance-of-Hedge Contracts

- Similar to proxy revenue swap, but for projects that already have P99 fixed volume swap
- protects project from weather and shape risk
- Provided by Nephila Climate, Allianz Risk Transfer, REsurety
- Used by at least three wind projects in ERCOT

Deal Contingent Swap

- Allows Project owner to lock in interest rate or electricity price assumptions used in PPA or M&A bids
- Swap terminates with no liability for either party if project fails to reach financial close
- Like a forward start swap with 3 differences (1) walkaway if no financial close, (2) no credit support required prior to financial close and (3) more expensive than forward start swap
- Documented using International Swap Dealers Assoc. (ISDA) forms
- Provided by Goldman, SocGen & others
- Used by mostly private equity funds unable to obtain credit before closing

Volume Firming Agreements

- Used by corporate offtakers
- Protects an offtaker from production and shape risk associated with as-generated virtual PPAs
- Provided by Nephila Climate, Allianz Risk Transfer, REsurety
- Used by Microsoft



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