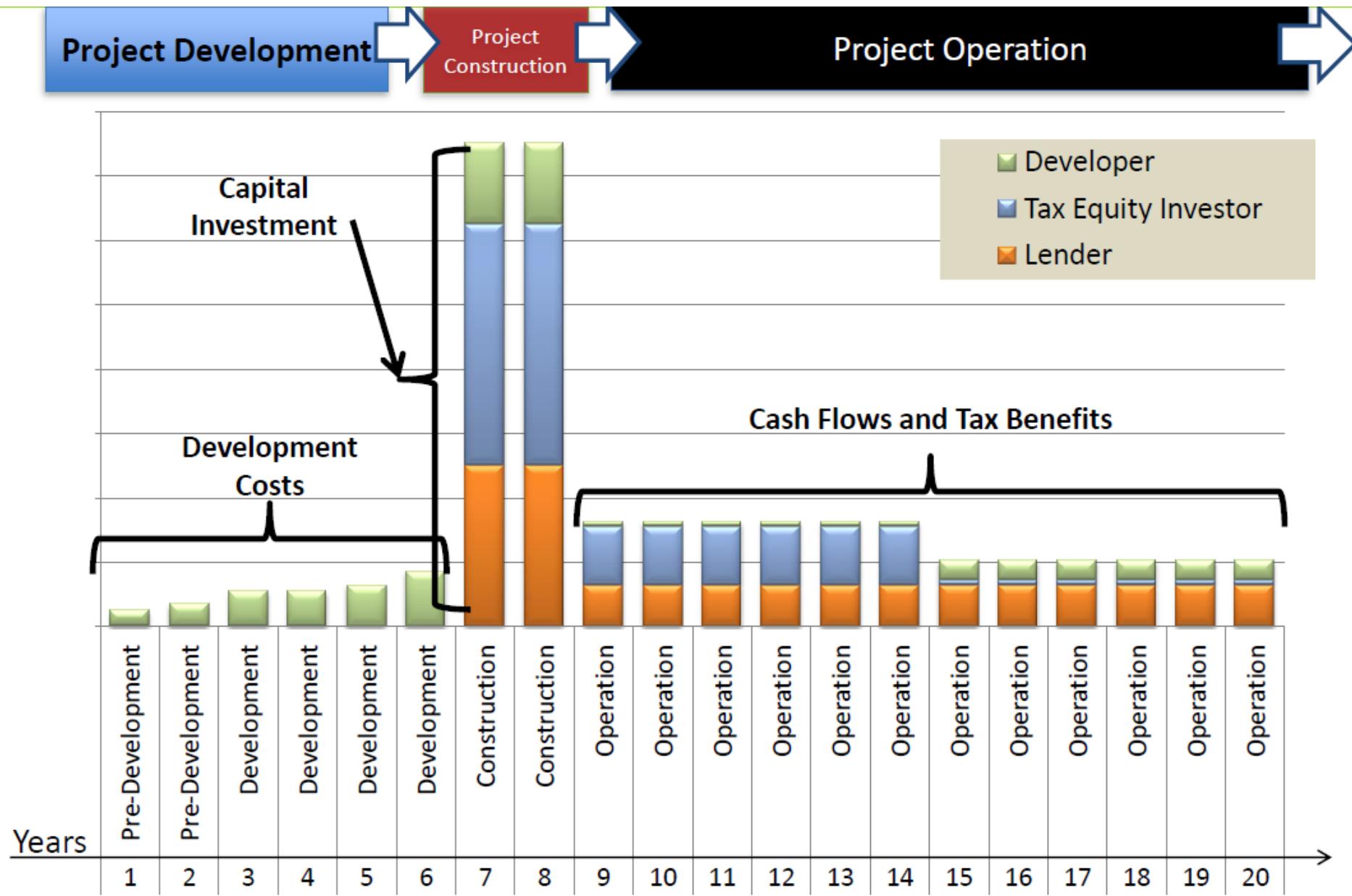


# Renewable Energy Project Finance – The Basics



# Trends in Renewable Energy Project Finance

## The Past: YieldCos

- Yieldcos appeared as a major wind/solar financing option starting in 2011. They began during era of 0% interest rates as one of the very few stable yield-producing investment options.
- As interest rates rise, however, Yieldco stocks are plummeting, raising questions about their viability.

## The Present: Extension of PTC/ITC

- 5 year extensions of wind and solar PTC/ITC have created the longest period of policy certainty in more than a decade.
- Massive growth is forecast for both wind and solar as a result.

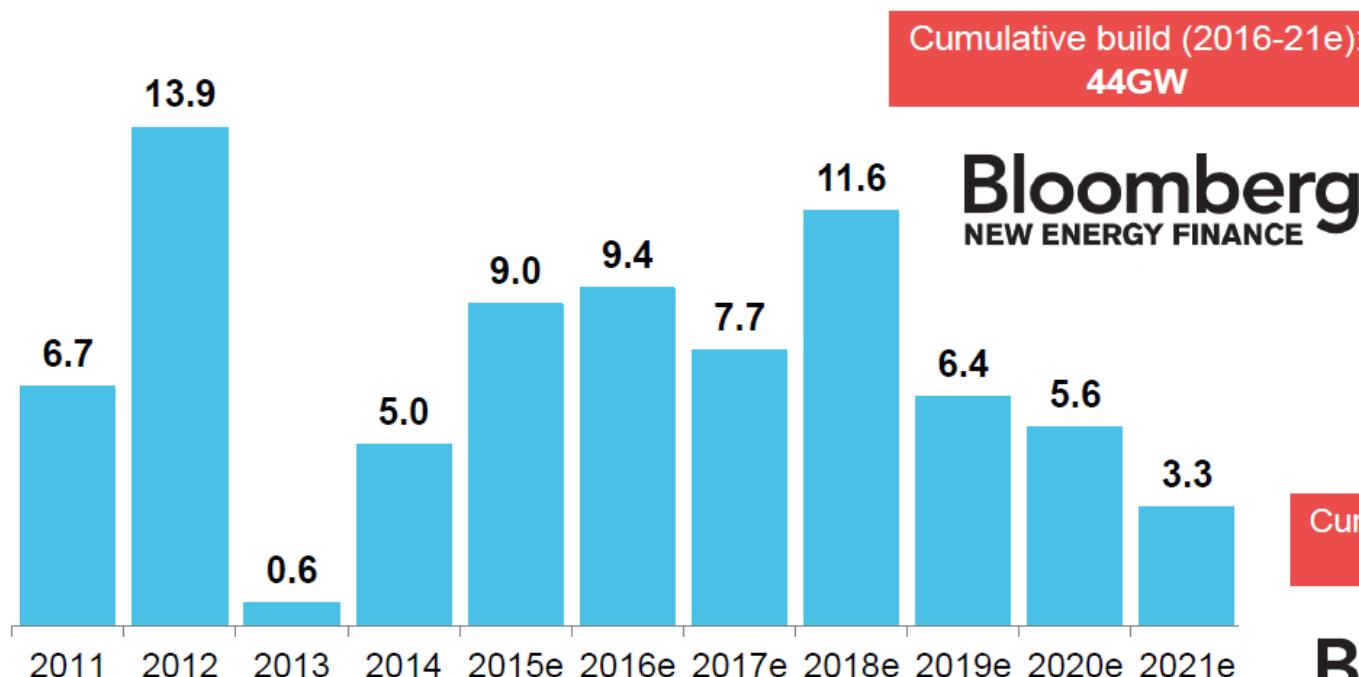
## The Future: Life after tax credits

- The deal for the 5 year extensions involves phaseouts of both wind and solar PTC/ITC, although the solar ITC would only drop from 30% to 10%.
- Both technologies now face strong challenges to adapt to post-PTC/ITC world.

# 12 Month YieldCo Performance



# BNEF US Wind vs Solar projections (w/PTC/ITC phaseouts)

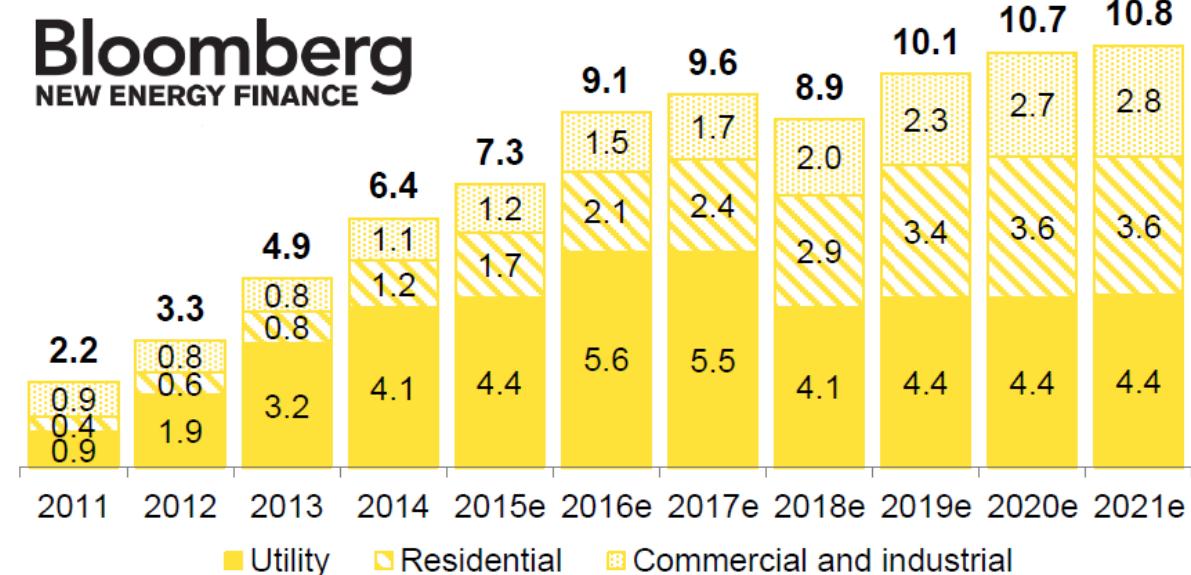


**Bloomberg**  
NEW ENERGY FINANCE

BNEF forecasts substantial wind growth, but peaking over 2015-2018 and declining thereafter

**Cumulative build (2016-21e): 59GW**

BNEF forecasts even greater solar growth, and, unlike wind, foresees momentum continuing into the 2020s



# PTC/ITC Phaseouts

## Wind

- Before 2017, the facility is eligible for the full amount of PTCs or a 30% ITC
- During 2017, the amount of PTCs is reduced by 20% and the amount of ITC is 24%
- During 2018, the amount of PTCs is reduced by 40% and the amount of ITC is 18%
- During 2019, the amount of PTCs is reduced by 60% and the amount of ITC is 12%
- After 2019, the facility is not eligible for any PTCs or ITC

## Solar

- Before 2020 and the facility is placed in service before January 1, 2024, the amount of ITC is 30%
- During 2020 and the facility is placed in service before January 1, 2024, the amount of ITC is 26%
- During 2021 and the facility is placed in service before January 1, 2024, the amount of ITC is 22%
- After 2021, the amount of ITC is 10%