Financing Renewable/Alternative Energy
WV and SSEB Energy Summit

December 4, 2007
Historical Taxable and Tax-Exempt Interest Rates

*Interest rates are presently near all-time historical lows.*

Note: The Bond Buyer 25 Revenue Bond Index represents the average yield on 25 selected revenue bonds with 30 year maturities. The index is reset every Thursday and published on Friday.
Project Finance 101

- EPC
- Feedstock
- Offtake
- Site
- O & M
- Utilities
- Permits
- Technology
Project Finance

Risk Analysis

**Project Terms/ Risk**

**Mitigation**

**REGULATORY**

All Permits In Place by Financial Closing

**CONSTRUCTION**

EPC Contract:
- Creditworthy Counterparty
- Liquidated Damage Provisions for Completion & Performance

**TECHNOLOGY**

Performance Guarantees From Licensor and EPC Contractor

**FINANCING**

All Debt and Equity in Place at Financial Closing

**COMMERCIAL TERMS**

Feedstock Supply and Off-Take Arrangement with Tenor Matching Term of Debt
Project Finance

Financial Structure

- Access to Tax-Exempt Debt Provides Longer Term Amortization and Lower Interest Rates.

- Both Tax-Exempt and Taxable Project Finance Structures Require Credit Enhancement.

- Greenfield Developments Have Only Pro Forma-Based Revenue, Therefore Require Third Party Credit.

- Project Finance Commercial Bank Letter of Credit and/or Term Loan are Most Acceptable and Viable Financial Structures.
Project Finance

Financial Structure (Cont’d)

Priority Flow of Funds ("Waterfall")
Project Finance

Financial Structure (Cont’d)

Non-Senior Debt

50%
40%
30%
20%

Addition of Contingent Equity

Project Equity

Open Project Terms

Project Risk Profile