3 Refinement

1 Potential

2 Options

4 Implementation

5 Operations & Maintenance
What is a “Project”?

A completed project is a business with commercial activity.

Parent Entity

- 5% Potential
- 10% Design
- 25% Refinement
- 60% Implementation

Project Entity

Project Development Stages – % Resource Inputs, Time/$
What is a “Project”? 

- Corporations
- Project Company/Pass-Through Entity
- Tax Equity

**Host**

- Site Access
- Rent/Royalties

**Project**

- O&M

**Tax-Equity Investor**

**Lender/Capital Provider**

- Capital
- Revenue and/or Tax Benefits

**Off-taker**

- Electricity Sales (PPA) or Lease
- Rent/Royalties

**Investor**

- Revenue and/or Tax Benefits
What is a “Project”?
Finance Options

Potential Capital Financing Sources

- Tax Equity
- Debt
- Cash Equity
- Other (grants, etc.)

Tax-Equity Investment Structures

- Partnership Flip
- Sale Leaseback
- Inverted Lease
Federal Tax Incentives

- Production Tax Credit (PTC)
- Investment Tax Credit (ITC)
- Modified Accelerated Cost Recovery System (MACRS) and bonus depreciation
Third-Party (i.e. Tax Equity) vs. Tribal Ownership

Tribal Owned (Without Incentives)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Energy</td>
<td>37,230,428</td>
</tr>
<tr>
<td>PPA price</td>
<td>25.36 ¢/kWh</td>
</tr>
<tr>
<td>LCOE Nominal</td>
<td>27.22 ¢/kWh</td>
</tr>
<tr>
<td>LCOE Real</td>
<td>22.11 ¢/kWh</td>
</tr>
<tr>
<td>Internal rate of return (%)</td>
<td>12.00 %</td>
</tr>
<tr>
<td>Minimum DSCR</td>
<td>3.36</td>
</tr>
<tr>
<td>Net present value ($)</td>
<td>$2,386,955</td>
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<tr>
<td>Calculated ppa escalation (%)</td>
<td>1.00 %</td>
</tr>
<tr>
<td>Calculated debt fraction (%)</td>
<td>50.00 %</td>
</tr>
<tr>
<td>Capacity Factor</td>
<td>21.3 %</td>
</tr>
<tr>
<td>First year kWhac/kWdc</td>
<td>1,862</td>
</tr>
<tr>
<td>System performance factor (%)</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Third-Party Owned (With Incentives)

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<tr>
<td>LCOE Real</td>
<td>11.00 ¢/kWh</td>
</tr>
<tr>
<td>Internal rate of return (%)</td>
<td>21.11 %</td>
</tr>
<tr>
<td>Minimum DSCR</td>
<td>1.57</td>
</tr>
<tr>
<td>Net present value ($)</td>
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<tr>
<td>Calculated ppa escalation (%)</td>
<td>1.00 %</td>
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</tbody>
</table>

Nominal LCOE (¢c/kWh)

50% decrease
Finance Options

- Potential
- Options
- Refinement
- Implementation
- Operations & Maintenance

Potential Capital Financing Sources

- Tax Equity
- Debt
- Cash Equity
- Other (grants, etc.)

Tax-Equity Investment Structures

- Partnership Flip
- Sale Leaseback
- Inverted Lease
**Partnership Flip**

- **Developer**
  - Manager/General Partner: 95%
  - Limited Partner: 5%

- **Project Company**

- **Host**

- **Tax Equity Investor**

- **Off-taker**

- **Corporations**

- **Project Company/Pass Through Entity**

- **Tax Equity**
Capital Structure with Tax Equity

Potential Options Refinement Implementation Operations & Maintenance

Project Company

Potential Capital Financing Sources

Tax Equity Debt Cash Equity Other

Tax-Equity Investment Structures

Partnership Flip Sale Leaseback Inverted Lease
Sale Leaseback

**Tax Equity Investor**
- Rental Income
- Depreciation
- Funding Deductions
- Residual Value
- Tax Credits

**Host**
- Plant ownership changes over life of asset

**Non-Recourse Lenders**
- Property
- Principal and Interest
- $ 

**Off-taker**
- PPA
- $ 

**Developer/Tenant**
- Property
- Rent
- $ 
- Rental Deduction
- Gain or loss on sale
Capital Structure with Tax Equity

Potential Capital Financing Sources

- Tax Equity
- Debt
- Cash Equity
- Other

Tax-Equity Investment Structures

- Partnership Flip
- Sale Leaseback
- Inverted Lease
Inverted Lease

- **Developer**
  - Depreciation
  - Owns at end of Lease

- **Landlord**

- **Tenant**
  - Rent $\$

- **Tax Equity Investor**
  - Tax Credits
  - May Share Depreciation
  - Deducts Rent Payments
  - Revenue from Off-taker
  - Walks away at end of Lease

- **Off-taker**

- **Host**
  - O&M

- **Plant ownership changes over life of asset**