SOLAR PROJECT DUE DILIGENCE: FINANCIAL, LEGAL & TECHNICAL REQUIREMENTS

October 6-7, 2014
Island Hotel Newport Beach
Newport Beach, CA

Post-Conference Workshop
FINANCING DUE DILIGENCE FOR PV PROJECTS
October 8, 2014
Solar development is experiencing a steep growth curve, thanks to technological advances, innovative financing models and maturing market conditions. As a result, the need for quality, systematic due diligence is essential. Without proper due diligence, a minor issue can trip up those new to solar, and even industry veterans. While all phases of the solar project development require this scrutiny, systematic due diligence is especially critical for those entities inexperienced in developing or partnering in solar projects.

This instructional symposium will focus on the core financial, technical and legal areas of due diligence for PV projects. The due diligence “blueprint” is applicable to commercial as well as large residential-scale projects. It will cover aspects of solar project development not tackled by other solar programs that focus strictly on a single due diligence issue, such as financing. The program will provide essential guidance to those who wish to inform themselves and their staff on how to gauge the soundness of the prospective project or partner they’re evaluating in concert with their finance structuring and arrangement(s). The instructors are all experienced, seasoned subject matter experts.

### WHO SHOULD ATTEND

- Renewable energy project developers and consultants
- Engineering, procurement, and construction (EPC) firms that support solar projects
- Financial and investment groups involved in renewable projects
- Attorneys, counsel, and legal staff
- State regulatory officials
- Utility procurement officers and resource planners
- Transmission operators, coordinators, planners, and developers
- Engineering firms that support solar projects

### LEARNING OUTCOMES

- Identify key due diligence issues, questions, and features
- Define the dominant elements to pre-qualify your site for its solar potential
- Evaluate the title and insurance requirements specific to solar installations
- Judge construction/contractor project compatibility
- Assess legal requirements and disclosures
- Analyze the solar assessment and energy production reports
- Define the role and value of third-party independent engineering (IE) project review
- Review the impact of environmental and permitting requirements on project viability
- Identify interconnection and other transmission considerations and constraints
- Assess long-term operations and maintenance issues
- Apply the proper risk assessment, risk allocation, and performance guarantees
AGENDA

Monday, October 6, 2014

12:30 – 1:00 p.m.  Registration

1:00 – 2:00 p.m.  Overview: Identifying Key Issues, Questions, and Features
  • Overview of the due diligence process
  • Purpose, key issues
  • Organizing the process
  • Review of physical project
  • Real property due diligence
  • Review of project contracts
  • Review of permits and approvals
  • Environmental
  • Energy production analysis
  • Putting it all together
  - Jim Duffy, Partner, Nixon Peabody

2:00 – 3:00 p.m.  Review of Contracts and Relationships
  • General structure
    o Utility scale
    o Distributed generation
  • Attributes of the financeable contract
  • Real estate and contract details
  • EPC
    o Equipment procurement
    o Equipment warranty
  • Power Purchase Agreements (PPA) / transmission
  • Operations and maintenance
  • Permits and approvals
  - Mark Safty, Partner, Holland & Hart

3:00 – 3:30 p.m.  Networking Break

3:30 – 4:30 p.m.  Review of Financial Metrics
  • Risk profile
  • Tax and subsidy drivers
  • Example of construction / permanent financing structure
    o Debt
    o Tax equity
    o Cash equity
  • Market drivers and relationship to profitability
  • Winners and losers
  - Joe Ritter, Vice President-Originations -- Production/Acquisition, Seminole Financial Services, LLC
AGENDA

Monday, October 6, 2014 (Continued)

4:30 – 5:30 p.m.  Solar Assessment and Energy Production Report
• Solar assessment
  o Portfolio impacts
• Probability of exceedance
  o Calculations
  o Drivers
• Estimation of energy production
• Rating agency requirement
  - Cathy Grover, Vice President, Luminate

Tuesday, October 7, 2014

8:00 – 8:30 a.m.  Continental Breakfast

8:30 – 9:30 a.m.  Environmental and Permitting Concerns
This discussion will identify how the following issues can contribute to time, expense, mitigation, and other impacts associated with projects, or result in fatal flaw(s):
• Zoning and entitlement
• NEPA / CEQA
• Community issues
• State and federal wildlife laws
• Water use and wetlands
• Mitigation
• Cultural resources
• Native American consultation
• Additional considerations
  o Location
  o Size
  o Project design
  o Construction
  o Operations and maintenance
  - Elisha Back, Principal, TRC Solutions
AGENDA

Tuesday, October 7, 2014 (Continued)

9:30 – 10:30 a.m.  Land Title Searches and Insurance
• Understanding the basics
• Invalid Contracts
• Uninsurable interests
• Time constraints
• Mineral coverage
• Mechanics lien coverage
• Gen-tie challenges
• Land use restrictions
• State law
• Encroachment coverage
• Integrated whole implications
• Unique landlords
• Home office approval
  - John Agle, Director – Energy Group, First American Title – NCS

10:30 – 11:00 a.m.  Networking Break

11:00 a.m. – 12:00 p.m.  Third-Party Independent Project Review
• Key considerations
• Reasonable design
• Construction
• Operations and maintenance plan and procedures
• Key projects agreements
• Environmental review
• Insurance policy due diligence and risk assessment
  - Cathy Grover, Vice President, Luminate

12:00 – 1:15 p.m.  Group Luncheon
AGENDA

Tuesday, October 7, 2014 (Continued)

1:15 – 2:15 p.m.  Considerations for Interconnection and Transmission

- Broadly applicable issues
  - Interconnection studies
- Voltage considerations for system sizes
  - Distance
  - Gen ties
- Load flows
- Changing interconnection standards
  - Requirements for interconnection
  - Ramping
  - Balancing
  - Reactive / voltage control
  - Metering and telemetry
  - Interconnection procedures
- Distribution vs. transmission level
- Application process and costs
- Timing
- Financial security postings
- Interconnection agreement execution
- Network vs. direct assignment upgrades
  - Curtailment issues
- Economic / congestion
- Emergency / dispatch down

- Gary Brown, Director – Development, ZGlobal

2:15 – 3:15 p.m.  Long-Term System Performance Operations and Maintenance

- Preventive and corrective maintenance
- Non-intrusive methods
- Spare parts
- Warranty management
- Security and surveillance
- Vegetation control
- Washing
- Monitoring programs and E-Tags
- Training
- Vendor partnerships
- Other long-term considerations
  - Insurance
  - Land leases
  - Taxes
- Performance guarantee and reliability

- Michael Moone, Associate Commercial Manager – Systems, SunPower Corporation

3:15 – 3:30 p.m.  Afternoon Break
AGENDA

Tuesday, October 7, 2014 (Continued)

3:30 – 4:45 p.m.  Risk Assessment, Risk Allocation, and Performance Guarantees
This panel will discuss the following essential risk-related elements associated with conducting due diligence for establishing business and counterparty relationships engaging in PV project development:

- **Natural hazards**
  - Location in a high-hazard zone (earthquake, flood, or windstorm)
  - Availability of insurance
  - Cost of insurance
  - Impact on lenders interest

- **Contingent exposures**
  - Lenders
  - Delays in delivery of key components
  - Potential loss of tax credits
  - Project
  - Inability to sell power if off-taker interconnection is damaged

- **Lender expectations**
  - Full limits
  - Low deductibles
  - Cost-effective program
  - Claims paid on replacement-cost basis (declining costs for solar)
  - Stipulated loss insurance if loan exceeds replacement costs

- **Insurance market – availability of insurance**

  - *Will Persyn, Vice President – Property & Casualty, Willis*
OVERVIEW / AGENDA

Financing due diligence is a critical component in PV project development. There are many considerations involved in this process that, if not executed properly, could either stall development or shut the project down completely. Thus, a thorough understanding for financing concepts is important for all involved parties.

This workshop will dive into the financial due diligence considerations for PV projects. It will also use case studies of successfully financed projects and highlight the process by which these projects were financed. It will address the following topics:

- Economic aspects of contracts
- Tax issues in PPAs and RFP responses
- Solar resource assessment and production modelling
- Seasonality
- Revenue contract selection (PPA and other)
- Curtailment rights and compensation
- Financial strength of counterparties
- Performance guarantees
- Deal structures and metrics

LEARNING OUTCOMES

Attendees will gain practical skills and insights on how to:

- Define the economic aspects of contracts
- Analyze tax issues with Power Purchase Agreements and Requests for Proposals
- Assess solar resources and production modelling
- Comprehend curtailment rights and compensation
- Evaluate revenue contract selection
- Assess the financial strength of counterparties
- Define performance guarantees
- Analyze deal structures and metrics
WORKSHOP INSTRUCTORS

Jim Duffy / Partner / Nixon Peabody

James F. Duffy is a partner in the Boston office of the national law firm, Nixon Peabody LLP. He serves as the Chair of the firm’s Renewable Energy Tax Credit Team and concentrates his practice on structuring and closing transactions involving federal income tax credits and other significant federal and state income tax incentives, including Production Tax Credits for wind and other forms of renewable energy, Energy Investment Tax Credits for solar and certain other forms of renewable energy, as well as Treasury cash grants in lieu of Energy Investment Tax Credits. His practice also covers New Markets Tax Credits, Historic Rehabilitation Tax Credits, and Low-Income Housing Tax Credits. He has represented numerous developers, investors, syndicators and lenders in structuring and closing renewable energy and other transactions and is a frequent speaker on tax-oriented investment structures at renewable energy industry conferences and seminars, including conferences sponsored by the American Wind Energy Association (AWEA), the New York Solar Energy Industries Association (NY SEIA), the Environmental Business Council of New England (EBC), Power-Gen, the American Bar Association (ABA), Novogradac & Co., The Reznick Group, the Institute for Professional Education and Development (IPED) and many others. He is a member of the American, Massachusetts, and Boston Bar Associations. He has served as the chair of the Equity Finance Committee of the Real Estate Section of the Boston Bar Association and as a member of the Real Estate Steering Committee of the Boston Bar Association and is admitted to practice in Massachusetts. He is a graduate of the University of Rhode Island, B.A., summa cum laude (1978), and The Harvard Law School, J.D. (1981).

Rich Cogen / Partner / Nixon Peabody

Richard Cogen represents project sponsors, investors and lenders with respect to the development, financing, permitting, acquisition and sale of energy, renewable energy and solid waste projects. He is the former chair of the firm’s Energy and Environmental practice group and a member of the Firm’s Policy Committee.

Mr. Cogen works closely with clients to develop, finance, buy and sell energy and solid waste projects. Much of his practice involves working with senior management on complex projects and financings. He has recently assisted clients in acquiring, constructing, and financing over a billion dollars’ worth of solar energy projects and in developing large fossil fuel and wind electric generating facilities and electric transmission projects. Clients value his ability to understand and keep sight of the big picture, while getting the details lined up in a way that helps them to achieve their objectives.

Joe Ritter / Vice President-Originations - Production/Acquisition / Seminole Financial Services, LLC

Joe has been with Seminole since the company’s operations began in 2009. As an Underwriter and Asset Manager at Seminole, Joe managed a recurring portfolio of renewable energy and real estate transactions. In his current role, Joe is primarily responsible for transaction identification, analysis and origination in the Renewable Energy market, in addition to providing asset management services to select clients to build upon existing relationships and expand the development of new partnerships. He is a licensed Real Estate Salesperson in Florida and Michigan and a Candidate for the CCIM designation. Joe earned his Bachelor of Science degree in Finance from the University of Central Florida.
IACET CREDITS

EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, the (organization name) has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, (organization name) is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

EUCI is authorized by IACET to offer 0.9 CEUs for the conference and 0.7 CEUs for the post-conference workshop.

INSTRUCTIONAL METHODS

PowerPoint presentations and case studies will be used in program.

REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

Participants must sign in/out each day and be in attendance for the entirety of the conference to be eligible for continuing education credit.

EVENT LOCATION

A room block has been reserved at the Island Hotel Newport Beach, 690 Newport Center Drive, Newport Beach, CA 92660, for the nights of October 5-7, 2014. Room rates are $189, plus applicable tax. Call 1-866-554-4620 for reservations and mention the EUCI program to get the group rate. The cutoff date to receive the group rate is September 12, 2014, but as there are a limited number of rooms available at this rate, the room block may close sooner. Please make your reservations early.

Click Here to Register Online

FIVE EASY WAYS TO REGISTER

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Two: Fax
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Three: E-mail
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P.O. Box 2303
Falls Church, VA 20242

PROCEEDINGS

A copy of the conference proceedings will be distributed to attendees at the event. If you are unable to attend or would like to purchase additional copies, flash drives are available two weeks after the conference is complete. The cost per flash drive is US $395 (add US $50 for international shipments). Flash drives include visual presentations only. Upon receipt of order and payment, the flash drive will be shipped to you via regular USPS mail.

NOTE: All presentation flash drive sales are final and are nonrefundable.
PLEASE REGISTER THE FOLLOWING

☐ SOLAR PROJECT DUE DILIGENCE: FINANCIAL, LEGAL & TECHNICAL REQUIREMENTS CONFERENCE AND POST-CONFERENCE WORKSHOP, OCTOBER 6-8, 2014: US $2195
EARLY BIRD ON OR BEFORE SEPTEMBER 26, 2014: US $1995

☐ SOLAR PROJECT DUE DILIGENCE: FINANCIAL, LEGAL & TECHNICAL REQUIREMENTS CONFERENCE ONLY
OCTOBER 6-7 2014: US $1395
EARLY BIRD ON OR BEFORE SEPTEMBER 26, 2014: US $1195

☐ FINANCING DUE DILIGENCE FOR PV PROJECTS POST-CONFERENCE WORKSHOP ONLY
OCTOBER 6-7 2014: US $1395
EARLY BIRD ON OR BEFORE SEPTEMBER 26, 2014: US $1195

☐ I'M SORRY I CANNOT ATTEND, BUT PLEASE SEND ME THE CONFERENCE PROCEEDINGS FOR US $395. (PLEASE ADD $50 FOR INTERNATIONAL SHIPPING.)

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

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OR Enclosed is a check for $___________________ to cover _____________ registrations.

All cancellations received on or before September 5, 2014, will be subject to a US $195 processing fee. Written cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event or publication. This credit will be good for six months. In case of event cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at (201) 871-0474.