

SOLAR PROJECT DUE DILIGENCE: *Financial, Legal & Technical Requirements*

May 16 – 17, 2017
Hyatt Regency Sacramento
Sacramento, CA

POST-SYMPOSIUM WORKSHOP

Performance Guarantee Deal Elements and Metrics

WEDNESDAY, MAY 17, 2017



EUCI is authorized by IACET to offer 1.1 CEUs for the symposium and 0.4 CEUs for the workshop

OVERVIEW

As more and a greater variety of PV projects become viable, different business models and “sponsoring” organizations will pursue development. As a result, the need for quality, systematic due diligence is essential. Such thorough due diligence is complex. Without it, even the smallest issue can trip up new players and industry veterans alike. While all phases of the project require this scrutiny, systematic due diligence is especially critical for those entities inexperienced in developing or partnering in solar projects.

This symposium will focus on the core areas of due diligence for PV projects — mostly utility-scale, but also with broad applicability to commercial and other large distributed-scale — and provide a “blueprint” for their execution. It covers aspects of solar project development not tackled by instructional programs that focus strictly on financing issues, to the exclusion of other pressing tasks that must precede such considerations.

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 solar assessment and energy production reports
- Define the role and value of third-party independent engineering (IE) project review
- Identify interconnection and other transmission considerations and constraints
- Apply the proper risk assessment, risk allocation, and performance guarantees

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“With no experience in analyzing solar projects, this conference was great as an introduction to all aspects of project and provided a level of comfort in reviewing projects from a financing perspective.”

Assistant VP, Midwest Bancorp

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“It was a great introduction for an engineer learning about the finance and business aspects of solar.”

Associate Director, SRI International

“

“Highly relevant and detailed information on the due diligence process in the solar industry — very useful.”

Managing Director, Petros Partners

AGENDA

TUESDAY, MAY 16, 2017

7:30 – 8:00 am Registration and Continental Breakfast

8:00 – 8:15 am Welcome and Overview

8:15 – 9:00 am Project Determination: Setting the Compass Heading

- Classifications
 - o Utility-scale
 - o Commercial/Industrial
 - o Residential portfolios
- Characteristics of financeable (vs non-financeable) projects
- Intent
 - o Serve own load?
 - o Generate primary revenue?
 - o Generate supplemental revenue?
- Ownership
 - o Wholly-owned and operated?
 - o Wholly owned and leased?
 - o Jointly owned and operated?
 - o Jointly owned and leased?
 - o “Package arrangement” with developer?
- Asset attributes
 - o Standalone asset
 - o Position in a larger portfolio
- CapEx

Rich Cogen, Partner, Nixon Peabody

9:00 – 10:00 am Pulling the Team and Information Together

- Assigning roles
- Developing and disseminating timely information
- Interrelation of issues and impact of early-stage questions and answers on later stages of project
- Impacts upon RFP responses
- Issues that impact sale
- Issues that impact financing

Brian Morrissey, Managing Director, Citizens Energy

10:00 – 10:15 am Morning Break

10:15 – 11:45 am Project Contractual Relationships

- General structure
- PPA
- EPC
- Financing
- Transmission access and studies
- Interconnection agreement(s)
- Site and easements
- Permitting

James Duffy, Partner, Nixon Peabody

11:45 am – 1:00 pm Group Luncheon

AGENDA

TUESDAY, MAY 16, 2017 (CONTINUED)

1:00 – 2:00 pm

Third-Party and Independent Project Review

- Reasonable design
- Industry standards
- Equipment and manufactures track record and history
- O&M plan and procedures
- Equipment supplier review
- Guarantees/warrantees and contract review to avoid confliction
- Acceptance test
- Review of EPC performance guarantee
- Environmental and permitting

Chris Norqual, Vice President – Utilities, Cypress Creek Renewables (invited)

2:00 – 3:00 pm

Solar Assessment and Energy Production Report

- Solar resource
- Global horizontal irradiance
- Direct irradiance
- Data collection for one year
- Metrological data collection and review
- Estimation of energy production lifespan
- Uncertainty analysis
- P90 energy estimate

Morgan Chrust, Senior Renewable Energy Consultant, SgurrEnergy

3:00 – 3:15 pm

Afternoon Break

3:15 – 4:00 pm

Real Estate, Title and Buildings

- Non-disturbance agreement
- Liens
- Lender covenants
- Title insurance
- Off-site agreements
- Rents and royalties
- Mineral rights

John Agle, Counsel – Energy Specialist, Stewart Title Guaranty Company

4:00 – 5:30 pm

EPCs and Equipment Suppliers

- Experience
- Financial stability
 - o EPC contractor
 - o Equipment provider
- Subcontractors
- How does EPC view and determine milestones?
- Four risk areas
- Warranties/guaranties
- Pro
- Technical approach
- Cost projections
- Equipment supply
- Construction
- Environmental and permitting

Frank Griffin, Executive Vice President – Engineering and Construction, groSolar

5:30 pm

Program Adjourns for Day

AGENDA

WEDNESDAY, MAY 17, 2017

7:45 – 8:15 am

Continental Breakfast

8:15 – 9:15 am

Considerations for Interconnection, Transmission and Utility Engagement

- How much charged for interconnection
- Interconnection studies
- Working w/utility or off-taker
- Interconnection agreement

Brian Morrissey, Managing Director, Citizens Energy

9:15 – 10:15 am

Risk Assessment, Risk Allocation, and Performance Guarantees

- Natural hazards
 - o Location in a high-hazard zone (earthquake, flood, or windstorm)
 - o Availability of insurance
 - o Cost of insurance
 - o Impact on lenders interest
- Contingent exposures
 - o Lenders
 - o Delays in delivery of key components
 - o Potential loss of tax credits
 - o Project
 - o Inability to sell power if off-taker interconnection is damaged
- Lender expectations
 - o Full limits
 - o Low deductibles
 - o Cost-effective program
 - o Claims paid on replacement-cost basis (declining costs for solar)
 - o Stipulated loss insurance if loan exceeds replacement costs
- Insurance market – availability of bond and insurance coverage

Will Persyn, Senior Vice President – Aon Global Power, Aon Risk Solutions

10:15 – 10:30 am

Morning Break

10:30 – 11:45 pm

Financial Metrics

- Appraisal / valuation
- Tax equity considerations
- Renewable Portfolio Standards (RPS) incentives and penalties
- PPA terms and negotiation elements
- CapEx
- Hurdle rates
- Return on Investment (ROI)
- P90 scenarios
- Curtailment exposure and impact on financial performance
- Debt service coverage ratio (DSCR)
- Other considerations

James Duffy, Partner, Nixon Peabody LLP

Tony Grappone, Partner, Novogradac & Company LLP

Joseph Ritter, Senior Vice President – Renewable Energy, Seminole Financial Services, LLC

11:45 am

Symposium Adjourns

POST-CONFERENCE WORKSHOP

Performance Guarantee Deal Elements and Metrics

WEDNESDAY, MAY 17, 2017

12:30 – 1:00 pm **Registration**

1:00 – 4:30 pm **Workshop Timing**

OVERVIEW

Performance guarantees are the backbone of every PV project. Their basic mission is to mitigate risk and provide the confidence and assurances to all parties that a system will perform to expected levels over the lifetime of the project. Additionally, they add value to a project by defining how the different parties relate to each other, what tasks they must accomplish, and when the tasks must be accomplished. This sounds straightforward enough, yet each performance guarantee is as unique as the project to which it's attached and can't be negotiated using a "fill in the blank" approach. Moreover, these instruments are becoming increasingly complex, as the PV installations multiply and the industry matures.

Attendees at this workshop will receive insights into what qualities make a successful performance guarantee.

LEARNING OUTCOMES

- Define common terms, conditions, and structures associated with a traditional performance guarantee
- Review commonly used methods used to calculate and monitor project performance
- Recognize the potential risks involved to project developers, owners, and financiers that result from improperly negotiated performance guarantee and how to identify these pitfalls in advance
- Assess what each team member must contribute to the formulation and negotiation of a clear and effective performance guarantee

AGENDA

- What a performance guarantee should include
- What elements should determine how a performance guarantee is structured
- Calculation metrics associated with performance guarantees
 - o Physical plant and performance
 - o What it looks like in dollars
- Implications to deal structure
- What are the if/then/who clauses in the contract
- Technical engineering issues
- EPC mitigation positions
- Full site on-service packages

INSTRUCTOR



Frank Griffin

Executive Vice President – Engineering and Construction, groSolar

As groSolar’s Executive Vice President of Engineering and Construction, Frank Griffin is responsible for EPC (engineering, procurement and construction) and O&M (operations and maintenance) of commercial, industrial and utility-scale projects. He joined groSolar in 2008, and under his direction groSolar has successfully completed design and construction of solar PV projects across the US. Mr. Griffin has more over 30 years of project development and project management experience. Prior to joining groSolar, acquired last year by EDF Renewable Energy, he was Vice President for a multi-family real estate developer where he developed projects valued in excess of \$200 million. As Senior Manager at Mesirow Financial Real Estate, Inc., he managed site development, infrastructure and environmental conditions for a \$1.2 billion mixed-use redevelopment in partnership with the University of Illinois – Chicago, which received the Phoenix award for brownfield redevelopment. Mr. Griffin received his BS in Civil Engineering from Lehigh University and MBA from the Pennsylvania State University. He resides in Maryland with his family and is a native of Philadelphia.



“The speakers were all subject matter experts to an incredible degree.”

VP Solar Projects, EcoMotion



“Seasoned instructors for maximum learning.”

Project Lead, Duke Energy

INSTRUCTIONAL METHODS

PowerPoint presentations, case studies, and workshop exercises will be used in this conference.

REQUIREMENTS FOR SUCCESSFUL COMPLETION

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

IACET CREDITS



EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI 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, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

EUCI is authorized by IACET to offer 1.1 CEUs for the symposium and 0.4 CEUS for the workshop.

EVENT LOCATION

A room block has been reserved at the Hyatt Regency Sacramento, 1209 L St, Sacramento, CA 95814, for the nights of May 15-18, 2017. Room rates are US \$229 plus applicable tax. Call **1-916-443-1234** for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is April 15, 2017 but as there are a limited number of rooms available at this rate, the room block may close sooner. **Please make your reservations early.**

REGISTER 3, SEND THE 4TH FREE

Any organization wishing to send multiple attendees to these conferences may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.





Please make checks payable to: "PMA"

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PLEASE SELECT

- SOLAR PROJECT DUE DILIGENCE: FINANCIAL, LEGAL & TECHNICAL REQUIREMENTS** CONFERENCE AND WORKSHOP: MAY 16 – 17, 2017: US \$1895
EARLY BIRD on or before APRIL 28, 2017: US \$1695
- SOLAR PROJECT DUE DILIGENCE: FINANCIAL, LEGAL & TECHNICAL REQUIREMENTS** CONFERENCE ONLY: MAY 16 – 17, 2017: US \$1495
EARLY BIRD on or before APRIL 28, 2017: US \$1295
- POST-CONFERENCE WORKSHOP ONLY: WEDNESDAY, MAY 17, 2017: US \$595
EARLY BIRD on or before APRIL 28, 2017: US \$495
- I'M SORRY I CANNOT ATTEND, BUT PLEASE SEND ME A LINK TO THE CONFERENCE PROCEEDINGS FOR US \$395.

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

Print Name Job Title

Company

What name do you prefer on your name badge?

Address

City State/Province Zip/Postal Code Country

Phone Email

List any dietary or accessibility needs here

CREDIT CARD INFORMATION

Name on Card Account Number

Billing Address Billing City Billing State

Billing Zip Code/Postal Code Exp. Date Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx)

OR Enclosed is a check for \$ _____ to cover _____ registrations.

Substitutions & Cancellations

Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before April 14, 2017 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of conference 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.