

Solar Revenue Put

The Solar Revenue Put is a financial product that guarantees the performance of solar assets. With this risk removed, banks are now providing better financing terms to investors (“sponsors”) that own solar power plants. Less risk means less cost, which means more solar.

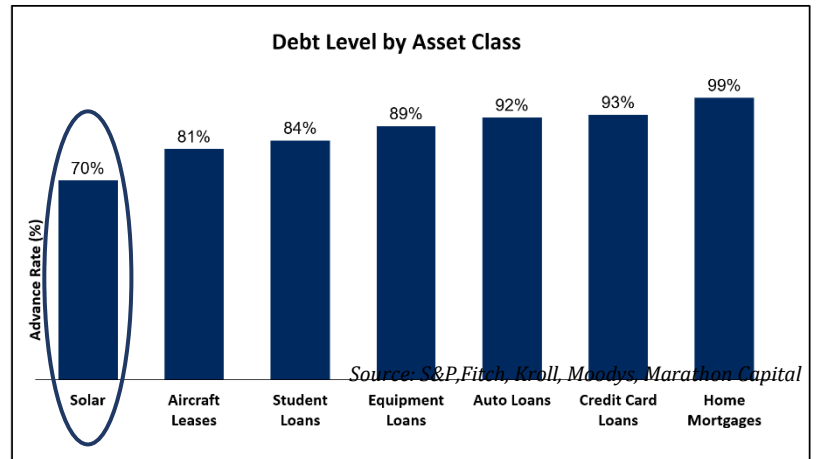
Landmark first deal completed on December 22, 2017

The Problem: Solar assets are under-leveraged

- Banks offer less debt (cheapest capital) because of performance risk
- Sponsors are forced to commit more equity (expensive capital)

The Solution: A guarantee that banks can trust

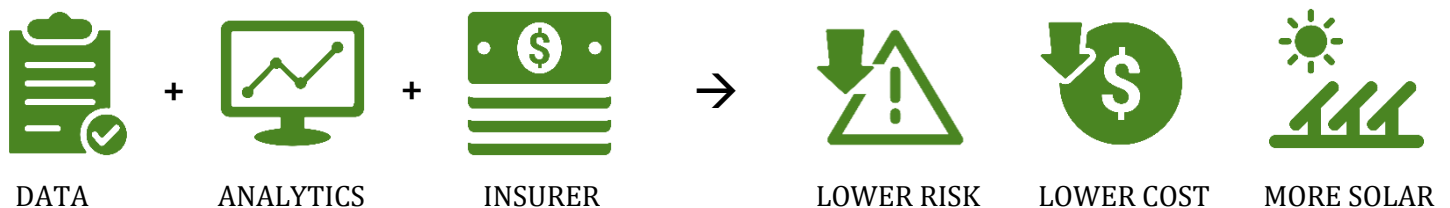
- Brand-name, investment-grade insurance carriers guarantee that solar assets will perform
- Banks get comfortable lending more money to solar assets



kWh Analytics was uniquely positioned to create this product because it owns and manages the industry’s largest asset performance database (20% of the U.S. market). This data enables kWh Analytics to accurately assess and price performance risk.

Solar Revenue Put

Results



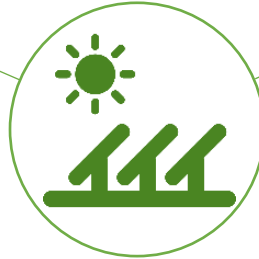
Impact:

- **It’s big:** The cost of capital is the biggest single cost of a solar power plant. Increasing the proportion of debt in a solar power plant (reducing DSCR of 1.30x to 1.10x) can reduce the cost of solar by as much as \$.05/W, **half the \$.10/W increase** projected by the latest Section 201 tariff.
- **It’s pervasive:** In 4Q17, seven lenders have issued term sheets at 1.10x or 1.15x DSCR on the P50 revenue, assuming that the Solar Revenue Put is in the structure.
- **It’s now:** kWh Analytics closed the first Solar Revenue Put deal with Coronal Energy and a Top Tier Bank.

“When it comes to optimizing a project’s capital stack, there’s space for the Solar Revenue Put product that kWh Analytics is providing. It’s inevitable.” - Jigar Shah, Founder of SunEdison & Generate Capital

Before:

SPONSOR (Borrower)
 - Owns asset
 - Wants more debt



BANK (Lender)
 - Wants to lend safely

After Solar Revenue Put: Attractive debt financing. More debt, better terms.

SPONSOR

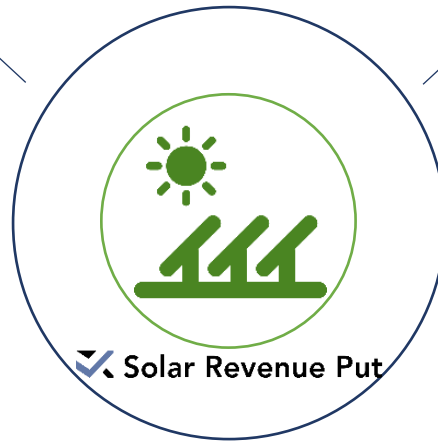


BANK



SOLAR REVENUE PUT provides SPONSOR:

- Better debt terms
- Lower cost of capital
- Less equity needed
- Higher IRR (50-100 basis points)
- Product pays for itself



SOLAR REVENUE PUT provides BANK:

- Credit enhancement backed by insurer
- Able to lend more, with confidence
- Competes better against other banks

kWh analytics
 Invented 'Solar Revenue Put'
 #1 in Solar Risk Management
 Largest solar asset database

INVESTMENT GRADE INSURERS
 Balance sheet for Solar Revenue Put
 Access to kWh's solar risk expertise
 Access to kWh's network and deal flow

The Solar Revenue Put:

An all-risk insurance policy that guarantees up to 95% of forecasted P50 energy production, including losses due to: weather risk, panel failure, inverter failure, construction flaws. The policies have a maximum duration of 10 years. Kudos Insurance Services (CDI License: 0L00900) is a wholly owned subsidiary of [kWh Analytics](#).