

Presentation To:
Green Learning Forum 2017



Demystifying Renewable Energy Project Finance

Foundation of Finance

Classic Definition: Finance is the study of how and under what terms savings (money) are allocated between lenders and borrowers¹

*Translation: Does the expected return from the investment compensate for the real and perceived **RISKS**?*

¹ John Wiley & Sons Canada, LTD

Understanding Project Finance Risk Profiles

All financial structures seeks to allocate key risks between project participants

Risks	Considerations
Counterparty	What is the financial strength, experience or stability of the participating parties?
Performance	Who is financially responsible for continued performance of the project?
Technology	Is the technology new or mature?
Policy	How does changes in energy policy impact subsidies, tax credits or other revenue sources?
Financing	Who is responsible for obtaining financing?

Self-Financed Projects

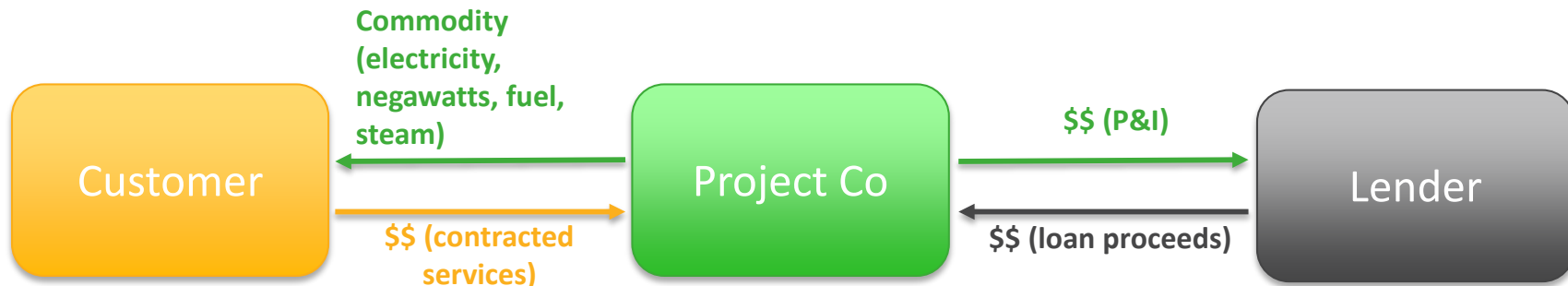
Organizations can utilize available cash or debt to fund clean energy projects (i.e. Green Bonds)



Risks	Risk-bearer
Counterparty	Customer
Performance	Customer
Technology	Customer
Policy	Customer
Financing	Customer

Third Party Financed Projects

Third Party finance structures are designed to shift the majority of risks to sponsors and investors/lenders instead of the customer (ie Power Purchase Agreement)



Risks	Risk-bearer
Counterparty	Project
Performance	Project
Technology	Project
Policy	Project
Financing	Project

The Gray Area of Finance

Nearly all financial structures are reside in the gray area and requires

Host QECBs Tax-Equity
CRA ACP PACE Impact PPA
Counterparty Shared Solar ITC
Off-Balance Sheet MACRS
LMI Ownership Flips
OBR Offtake Green Bonds
RECs/ SRECs
Sponsor

Question #1

- Is finance your organization's greatest challenge/barrier regarding the implementation of clean energy projects?

Question #2

- Has your organization successfully implemented a clean energy project?
 - Pilot? Commercial Scale? Experience?