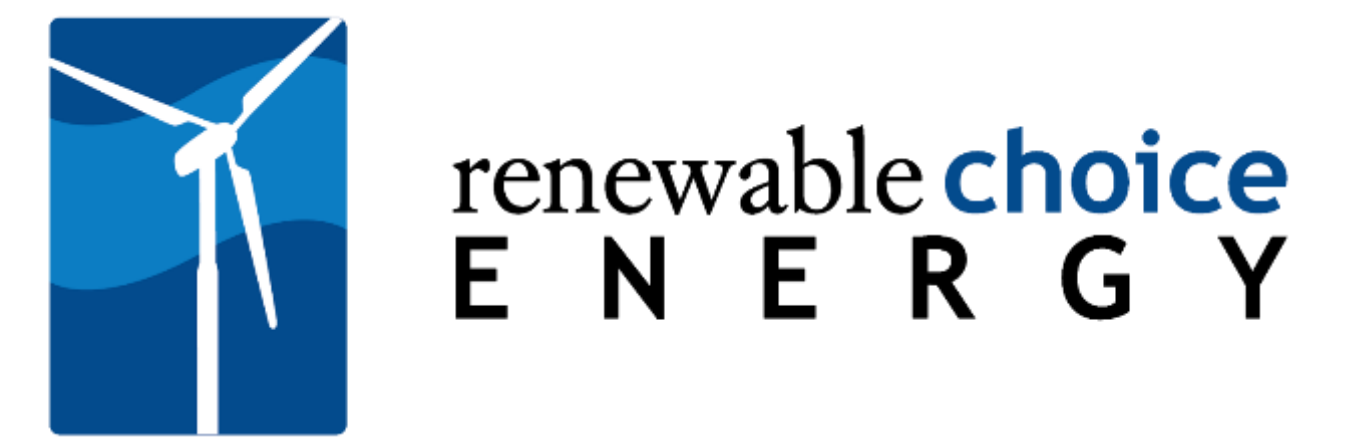


Collaborating for Success: How Working with a C&I Buyer's Agent Can Benefit Developers



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In the past three years, a new PPA customer class emerged: the Commercial, Industrial, and Institutional (C&I) buyer. Motivated by the low cost of wind and the desire to secure, reliable sources of energy, organizations including Facebook, Google, Microsoft, and Apple have purchased more than 5,000 MW of new development globally since 2013.

THE CHALLENGE OF ENGAGING C&I BUYERS ON POWER PURCHASE AGREEMENTS (PPAS)

The C&I appetite for renewables has heretofore been largely unmet. Rapid growth in this market sector offers enormous opportunity for developers to partner with organizations to drive project development, market demand, and even legislation. Though nascent, C&I buyers are hungry to collaborate with global developers to catalyze new build projects in many markets.

This new customer class presents challenges to developers. Partnering with a buyer's agent, like Renewable Choice, can increase the chances of signing a PPA. Collaboration can:

- » Help get developers "inside the tent."
- » Help developers be as confident as possible that the deal won't fall over at the last moment.
- » Ensure that competitive projects are seen by key decision makers.
- » Ensure developers are appealing to C&I buyers, helping navigate unique contracting and approval processes, and addressing the biggest obstacles.

HOW TO MAKE THE DEVELOPER AND THE PROJECT MOST APPEALING TO C&I BUYERS

C&I buyers are unaccustomed to PPA contracting structures and so may enter the process with trepidation, particularly on deals in emerging markets. Developers can do several things to make their projects (and processes) most attractive to the buyer:

- » **Present the most compelling economics possible.** C&I buyers are choosing PPAs as a means to save money on their energy. By presenting a compelling economic case, developers will show strongly in RFP/RFI processes and be more successful.
- » **Identify the project risk profile upfront.** C&I buyers are generally unfamiliar with the risk profile presented in a PPA and may be wary of deals that confer too much operational or financial risk. Developers should be prepared to review the risks with buyers and explain how they can be avoided.
- » **Be prepared to educate the buyer.** Many C&I buyers have never purchased a PPA. In some cases, this will mean overeducating the internal champion and stakeholders on the details of the deal in order to achieve success.

NAVIGATING C&I CONTRACTING AND APPROVAL PROCESSES

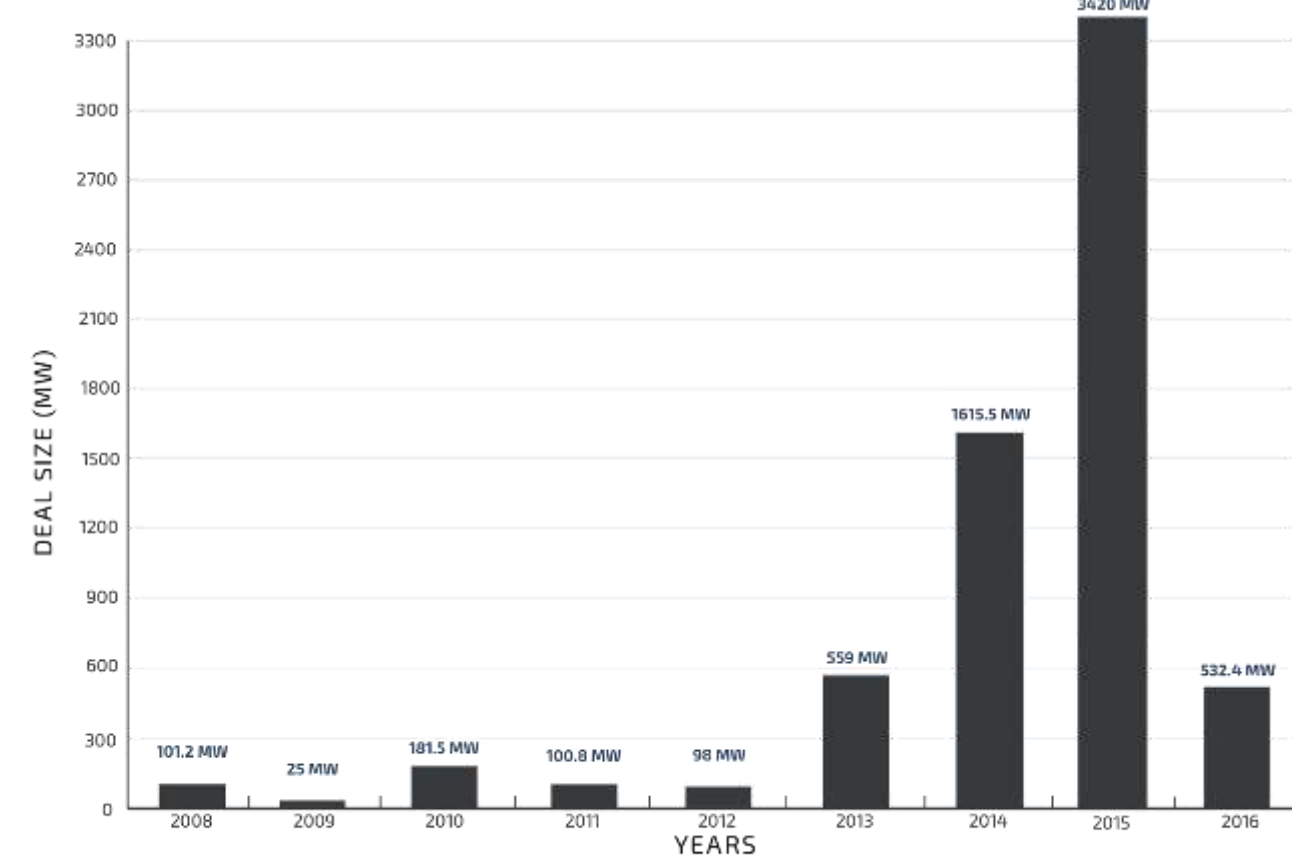
Developers should plan to contend with a much different contracting and approval process within the C&I sector. Organizational buyers require the engagement of multi-department stakeholders ranging from treasury to accounting to legal. Deals can take a long time to coalesce because of the need for organizations to complete thorough due diligence.

- » **Help them get comfortable.** C&I buyers need to understand concepts like forward market price projections, covariance, and basis risk. Developers can ease the process by providing clear, transparent information at each stage of the deal.
- » **Invite engagement.** Ease the process at the outset by knowing the buyer and recommending stakeholder participation.
- » **Be patient.** Decision-making cycles for a transaction of this type inside a large organization can be quite long. Ultimate signatories are nearly always C-level. Understand that deals will take time and have the potential to go sideways at many stages of the process.

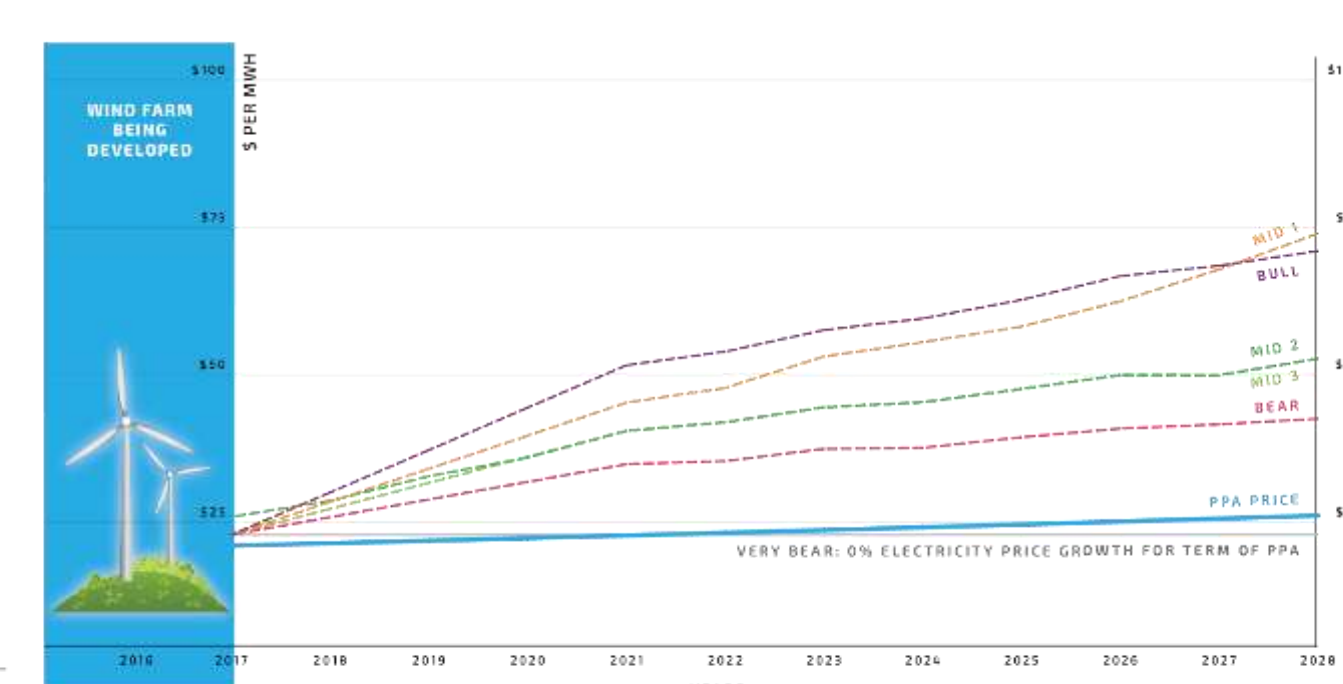
Sample Project Timeline



U.S. C&I Sector



Wind PPA Price Vs. Forward Pricing Scenarios



THE BIGGEST HURDLES TO C&I PARTNERSHIP

While C&I buyers are hungry for the renewable energy opportunity, they also face hurdles to acquisition that are atypical in a utility environment. Developers should be aware of, and prepare for, the following challenges:

- » A slow process that requires a great deal of education and engagement
- » The need to complete a lengthy and thorough due diligence
- » A reluctance to enter into PPA contracts, even when they make economic sense
- » The potential for deals to go sideways, even in the eleventh hour

LESSONS FROM THE FIELD

A multinational apparel manufacturer headquartered in Europe was in the final stages of PPA due diligence, and prepared to sign its first PPA, when the chief treasury officer put on the brakes. His reluctance to enter into a long-term contract on a U.S. wind project derailed a nine-month-long negotiation and ultimately led to the deal falling through. The client has yet to reconsider another process.

WHAT'S DRIVING C&I BUYERS?

Several colluding factors are driving the C&I pursuit of large-volume, additional, clean energy:

- » **Ever-increasing needs for electricity.** World energy consumption is anticipated to increase by more than 56% by 2040 according to the EIA.
- » **Price volatility in conventional generation.** Swings in fossil fuel prices can translate into millions of dollars of additional energy costs for large companies.
- » **Attractive cost incentives.** Initiatives by various world governments provide lucrative subsidies that can translate into substantial savings per project over what a C&I buyer might have spent on fossil fuel generation.
- » **Additionality claims.** Some C&I buyers are highly motivated by the opportunity to make an additionality claim on a new build wind project. For these buyers, the reputational bump they receive is an important consideration.
- » **Broad-based support, and pressure, for companies to set and achieve emission reduction targets.** Thanks to the efforts of NGOs, global corporations are under tremendous pressure to report on and reduce their carbon footprint. PPAs are the largest-scale means for them to achieve these reductions.

PROMINENT C&I SECTOR PURCHASERS



TYPICAL C&I STAKEHOLDER ENGAGEMENT



Bottom Line

Developers and internal PPA champions may only get one shot to pitch a PPA. It's therefore essential for developers to work with a trusted buyer's agent like Renewable Choice Energy. Renewable Choice can help connect developers to global PPA buyers and increase the likelihood of deal success. Contact us at www.renewablechoice.com to learn more

