I. INTRODUCTION
A LEADING DIVERSIFIED SOLAR INVESTMENT PLATFORM...

→ Established in 2008, Sol Systems is one of the leading diversified investment platforms in the solar industry.

→ We develop and execute bespoke equity and debt investment strategies for institutional investors through our fund management and trading teams.

→ We create tailored energy procurement solutions for corporate and municipal clients.

→ Our team:
  - **Manages** ~$500MM of institutional capital deployed across tax equity and sponsor equity investments.
  - **Actively manages over 13,000 customer accounts (180+MW),** aggregating, trading, and managing payments
  - **Facilitated the deployment of 800MW+ of** renewable infrastructure projects across our platforms.

→ 80 employees. Headquartered in Washington, DC.

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**Fund Management – $500+MM in AUM**

Experienced team of investment professionals deploying tax and sponsor equity in utility scale and C&I solar assets across the US

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**Trading –180MW+ (Over $1B) in AUM**

One of the premier renewable energy trading platforms in the US - Solar RECs, Wind RECs, RGGI, Power, other attributes

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**Customer Solutions –150MW+ delivered**

Leading multidisciplinary team that develops customized energy solutions for corporate and municipal clients

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Note: Fund Management AUM includes Tax and Sponsor Equity mandates. Trading investments include 3rd party capital deployed only
2020 INFRASTRUCTURE FUND STRATEGY
AGGREGATE, OPTIMIZE AND ACTIVELY MANAGE

US solar infrastructure is a fast-growing subsector that’s highly sought after by investors because of the following:

→ Non-correlated real asset infrastructure
→ Dollar denominated, long-dated cash flows
→ Inflation insulated returns
→ A proven technology (solar) with relatively minimal operational volatility, and no fuel source risk

Sol Systems acquires a geographically diverse portfolio of distributed and large-scale utility solar assets with a range of offtake contracts on behalf of our institutional limited partners. We optimize these assets through the development and construction phase of portfolio development and actively trade the energy and environmental commodities around assets to maximize returns and mitigate risk.

Through an integrated and multi-faceted approach to the solar asset class our team aims to better control and mitigate risk and produce best in class returns for our clients.
SUCCESSFUL EXECUTION OF MULTIPLE STRATEGIES

Sponsor and Tax Equity Investments To Date (Figures as of 31 October 2019)

Note: Cash and Tax Equity investments to date include capital deployed and committed. Forecasted deployment figures based on current mandates and pipeline. No implied certainty of actual deployment or performance.
II. MARKET OVERVIEW
SOLAR MARKET OVERVIEW – SOLAR MARKET SHARE

Phase Change: Solar Becomes Increasingly Competitive

0 = Number of U.S. utility-scale coal plants built since 2014

Solar, wind, and natural gas replace coal capacity:

- In the first half of 2019 solar comprised 36% of all new U.S. installed generation capacity vs. only 4% in 2010
- 2050: Few, if any, nuclear or coal plants will be in operation
- Solar and wind will deliver 50% of all electricity worldwide by 2040
- 2050: an estimated $8.5 trillion invested in wind and solar projects

U.S. Electricity Generating Capacity Additions, 2010-H12019

Taken as a whole, the changes to the U.S. electricity fleet over the last eight years are dramatic. The solar industry’s increasing role is driven primarily by cost reductions.

Source: Wood Mackenzie Power & Renewables, FERC (all other technologies)
SOLAR MARKET OVERVIEW – CONSISTENT AND STEADY GROWTH

Consistent and steady growth of the U.S. solar industry:

- 2.1 GWdc of solar capacity installed in Q2 2019
- 49% was utility-scale solar assets
- 3.8 GW of utility-scale solar projects currently under construction, meaning 2019 is forecast to be one of the largest years on record for the solar industry

Growth of institutional investment in renewable infrastructure expected to mimic the growth of real estate as an asset class

- Real estate was originally in the “alternatives” basket for investors focused on equities and bonds.
- Real estate has effectively become its own asset class, constituting 9-10% of target allocations.
- Renewable infrastructure offers many of the same benefits of diversification, non-correlated returns, and long-term returns as a real estate asset.

Annual Utility PV Installation Forecast 2013-2024E
SOLAR MARKET OVERVIEW – COST DECLINES

The cost to build a solar energy project has come down by approximately 78% over the last decade

- Led by a steady drop in the cost of solar modules, which compose ~40% of the cost of a utility-scale solar project

- Module prices fell by 20% in 2018, and approximately another 10% through Q2 2019, despite tariffs. Sol predicts that by 2020 solar modules will fall by another 25%.

- Inverters, currently at 5-8% of system cost, are forecast to fall by 5% annually over the next several years from global scale and innovation

These cost reductions translate to 10-15% annual cost reductions for utility-scale solar projects during the next two years

Sol Systems expects that the US solar industry will deploy below $0.90/watt utility-scale solar in 2020
SOLAR MARKET OVERVIEW – COST DECLINES

Decreasing costs to build solar are driving down the levelized cost of energy (LCOE) for consumers – Solar LCOE has decreased 88% in the last decade.

Solar will compete directly with natural gas
Utility-scale battery storage expected to grow dramatically between 2018-2023

U.S. energy storage will be a $5.1 billion market in 2024
Annual value to more double between 2019 and 2020

- The U.S. energy storage annual market’s value will increase roughly sevenfold between 2019 and 2024.
- The FTM market will account for 53% of the value in 2024.
## SOLAR MARKET OVERVIEW – KEY PLAYERS

**In High Demand:** Cost reductions are driving historic demand from both utilities and their customers because it is a cost-competitive hedge for future energy prices.

<table>
<thead>
<tr>
<th>Utilities</th>
<th>Corporate Data Centers</th>
<th>Corporates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Indiana Public Service Company (NIPSCO) announced it would secure most of its new power (1,000 MW+) from solar plus storage in the next decade because of the economic benefits and resiliency of the strategy.</td>
<td>Amazon and Microsoft have committed to procure 100% clean energy from solar and wind, including a recent 100 MW Virginia deal announced by Microsoft. Google currently operates using 100% renewable energy from solar and wind facilities.</td>
<td>Cox Enterprises, FedEx, and Walmart have all made similar commitments. ~5,000 MWs of wind and solar PPAs announced in 2018 underline the expansion of corporate PPAs.</td>
</tr>
</tbody>
</table>
→ Historically, utility PPAs dominated solar offtake contracts.
→ The industry has recently seen a proliferation of offtake structures and counterparty types.
→ Corporates have preferred wind over solar procurement, but this trend is inverting.
  → As the PTC steps down, solar LCOE drops below wind in some areas, even after accounting for the ITC step-down.
→ Solar is likely to be the dominant technology for corporate procurement in the future, with predictions of around 3.6 GWdc of corporate offsite solar projects in 2020, and annual deployments of 1.5 – 2.5 GWdc thereafter.

Utility PV contracted pipeline, Q2 2017 – Q2 2019
Percent share of drivers for projects announced, 2019 YTD

Source: Wood Mackenzie Power & Renewables
III. INVESTING IN THE SOLAR ASSET CLASS
Utility-Scale PV Increases Market Share

- Utility-scale PV is anticipated to comprise a growing share of new solar installations over the next five years
- Primarily driven by declining costs, which impact larger projects more
- Partially driven by the increase of utility-owned solar generation
- Solar expected to capture market share in traditionally wind-dominated markets
- Corporate procurement also a significant driver
# RENEWABLE ENERGY INVESTMENT – BENEFIT STREAM

<table>
<thead>
<tr>
<th>Item</th>
<th>Timeframe</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ITC</strong></td>
<td>• Recognized in year 1</td>
<td>The ITC phases down for projects on which construction is deemed to begin after 2019</td>
</tr>
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<td></td>
<td>• Ownership must not change for 5 years following placed in service date</td>
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<tr>
<td><strong>Depreciation Deductions</strong></td>
<td>• Standard depreciation for solar assets is 5 year accelerated depreciation (20%; 32%; 19.5%, 11%, 11%, 6%)</td>
<td>Beginning in 2023, the bonus depreciation percentage phases down by 20% until it expires in 2027</td>
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<tr>
<td></td>
<td>• Currently eligible for immediate expensing</td>
<td></td>
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<tr>
<td></td>
<td>• 100% depreciation earned in year 1</td>
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</tr>
<tr>
<td><strong>Contracted Revenue</strong></td>
<td>• Typically, contracted cashflows for 5-30 years depending on the length of the offtake agreement (typically a PPA)</td>
<td>The industry is seeing more variety in power purchase agreement contracts, including shorter-duration contracts, contract for differences, hedged offtake agreements, and corporate offtake</td>
</tr>
<tr>
<td></td>
<td>• Contracted revenue may include electricity, RECs, capacity, and ancillary services depending on the project</td>
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<tr>
<td><strong>Merchant Revenue</strong></td>
<td>• In addition to contracted revenue, most investors underwrite merchant revenue</td>
<td>Varying approaches to valuing merchant revenue from electricity, RECs, capacity and ancillary services.</td>
</tr>
<tr>
<td></td>
<td>• Long-term electricity projections are challenging</td>
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POLICY ENVIRONMENT

**Federal Policy**
- ITC begins phase-down in 2020
- Projects can be safe-harbored at 2019 ITC levels through 2023
- SEIA is lobbying for an ITC extension
- A stand-alone storage ITC has been proposed in Congress
- Democratic legislators and 2020 presidential candidates have made climate policy a focal point

**State Policy**
- Renewable portfolio standards
- Net metering
- Community Solar programs
- Municipal offtake
- State grants
- State tax credits
- Technology-specific adders
  - Distributed generation
  - Storage
INVESTMENT TAX CREDIT – SAFE HARBOR PROJECTIONS

Figure 6.4 Percent ITC qualification by COD year

- 2020: 100% ITC qualification
- 2021: 92% 30% ITC, 8% 26% ITC qualification
- 2022: 70% 30% ITC, 25% 26% ITC qualification
- 2023: 55% 30% ITC, 32% 26% ITC qualification
- 2024: 100% 30% ITC qualification

Source: Wood Mackenzie Power & Renewables

Figure 6.5 MWdc of ITC qualification by COD year

- 2020: 9,856 MWdc 30% ITC, 8,514 MWdc 26% ITC, 2,129 MWdc 22% ITC, 4,751 MWdc 10% ITC qualification
- 2021: 1,869 MWdc 30% ITC, 6,059 MWdc 26% ITC, 2,721 MWdc 22% ITC, 956 MWdc 10% ITC qualification
- 2022: 467 MWdc 30% ITC, 2,129 MWdc 26% ITC, 956 MWdc 22% ITC, 210 MWdc 10% ITC qualification
- 2023: 956 MWdc 30% ITC, 2,721 MWdc 26% ITC, 4,751 MWdc 22% ITC, 9,287 MWdc 10% ITC qualification
- 2024: 210 MWdc 30% ITC, 956 MWdc 26% ITC, 4,751 MWdc 22% ITC, 9,287 MWdc 10% ITC qualification

Source: Wood Mackenzie Power & Renewables
### STATE RENEWABLE PORTFOLIO STANDARDS

**29 States + DC + 3 territories have a Renewable Portfolio Standard**

(8 states and 1 territories have renewable portfolio goals)

- **Extra credit for solar or customer-sited renewables**
- **Includes non-renewable alternative resources**

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**WA:** 100% x 2045 (pending gov sig) *

**OR:** 50% x 2040* (large utilities)

**CA:** 60% x 2030

**NV:** 50% x 2030*

**AZ:** 15% x 2025*

**NM:** 80% x 2040 (100% zero carbon resource standard for IOUs - 2045)

**TX:** 5,880 MW x 2015*

**HI:** 100% x 2045

**CO:** 30% by 2020 (IOUs) **†

**UT:** 20% x 2025†

**MT:** 15% x 2015

**ND:** 10% x 2015

**SD:** 10% x 2015

**IA:** 105 MW

**MN:** 26.5% x 2025 (IOUs) **† 31.5% x 2020 (Xcel)

**WI:** 10% 2015

**IL:** 25% x 2026

**MO:** 15% x 2021

**IN:** 10% x 2026

**OH:** 12.5% x 2021

**VA:** 15% x 2025†

**KS:** 20% x 2020

**OK:** 15% x 2015

**SC:** 2% 2021

**NC:** 12.5% x 2021 (IOUs)

**NY:** 50% x 2030

**CT:** 40% x 2030

**MA:** 35% x 2030 + 1% each year thereafter (new resources) 6.7% x 2020 (existing resources)

**MA:** 35% x 2030 + 1% each year thereafter (new resources)

**ME:** 40% x 2017

**NH:** 25.2% x 2025

**VT:** 75% x 2032

**RI:** 38.5% x 2035

**CT:** 40% x 2030

**NJ:** 50% x 2030

**PA:** 30% x 2030†

**DE:** 25% x 2026*

**MD:** 50% x 2030

**DC:** 100% x 2032

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www.dsireusa.org / June 2019
Questions?
Please contact Becca Glazer, Senior Director of Structured Finance at becca.glazer@solsystems.com