

## Transaction Profile

Financing in action

# NEXTEnergy CAPITAL'S U.S. COMMUNITY SOLAR PLATFORM

Construction-to-term lending to support community distributed generation (CDG) in New York State



This \$50.9 million upside will finance the construction, ownership, and operation of six CDG projects in New York State, adding to the two CDG projects funded under NY Green Bank's original facility, which closed in June 2021.

### Market Barriers and Solutions

**Solar project developers** typically use sponsor equity to finance construction of CDG assets, limiting project deployment through an inefficient use of equity funds. By providing construction financing, NY Green Bank creates an easier path forward for developers to enable greater CDG deployment.

**Capital market participants** face difficulties assessing and pricing the risk exposures from distributed generation projects, due to limited precedent. This transaction will generate performance data and demonstrate the ability of these projects to achieve competitive risk-return profiles.

On-site solar installations are often not viable due to project siting, property ownership, and consumer preference issues. This transaction supports the deployment of CDG solar projects, which provide **CDG subscribers** with increased access to clean, low-cost energy, regardless of where their homes or businesses are located.

Transaction amount: **\$65.8 million**

Counterparties:

**(Project Sponsor) CSG PV I LLC**  
**(Fund and Long-Term Owner) subsidiary of NextPower III ESG**  
**(Managers/Advisers during development and construction phase) Energy Impact Partners / Aspen Power Partners**  
**(Manager of NextPower III ESG during operational phase) NextEnergy Capital**

Product: **Construction-to-term loan**

Date closed: **October 2022**

Estimated lifetime metric tons CO<sub>2</sub>e reduced: **726,559**

Technologies: **Solar**

Location: **Statewide**

End-use segment:

**Community distributed generation**



*“CSG’s goal is to provide affordable renewable energy and economic development to Upstate communities. With NY Green Bank support, CSG will expand access to community solar via six additional projects, building on the strong relationship with a supportive financing partner.”*

*NextEnergy Capital*

## Construction-to-Term Lending to Support Community Distributed Generation (“CDG”) in New York State

### CSG PV I LLC

#### (A Joint Venture of Affiliates of Energy Impact Partners and NextEnergy Capital)

*In June 2021, NY Green Bank (“NYGB”) committed \$14.9 million to a construction-to-term facility to finance the construction of up to 12.5 MW of community distributed generation (“CDG”) solar projects in New York State (“NYS” or the “State”). NYGB committed an additional \$50.9 million in October 2022 to support additional projects of up to 36.9 MW. This transaction is expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, lower-cost clean energy.*

### Transaction Description

CSG PV I LLC (“EIP/NEC”) is a privately held solar developer formed as a joint venture between affiliates of Energy Impact Partners (“EIP”) and NextEnergy Capital (“NEC”). EIP is a global investment platform with over \$2.0 billion in assets under management, which invests globally across venture, growth, credit, and infrastructure. EIP aims to guide the shift to a sustainable energy future, working together with multiple entrepreneurs, utilities, and operating companies to advance innovations regarding optimizing energy consumption and improving sustainable energy generation. NEC is a UK-based investment and operating asset manager founded in 2007 specialized in the development, construction and long-term ownership of solar PV assets with over 1 GW of installed capacity and more than 210 operating solar plants on three continents.

With its commitment, NYGB expects to support the deployment of up to 49 MW of CDG projects in NYS. Through this transaction, NYGB continues to demonstrate the viability of distributed generation in the State, draw new investors and financial institutions into the marketplace, and lower the cost of capital in this market sector. Increased solar deployment will continue to drive activity in the State, which will help NYS meet its 10.0 GW solar target by 2030. Consumers are expected to be the ultimate beneficiaries in the form of broader access to lower-cost clean energy generation, with corresponding resiliency, affordability, choice, and environmental benefits.

This Transaction Profile is provided pursuant to the updated NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.1 (the “Metrics Plan”) developed in collaboration with the NYS Department of Public Service and filed with the New York Public Service Commission (the “Commission”) on May 2, 2022.<sup>1</sup> This Transaction Profile contains specific information in connection with the EIP/NEC transaction entered into in May 2021 and October 2022, as required by the Metrics Plan.<sup>2</sup>

### Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Construction-to-Term Loan	\$65.8 million

<sup>1</sup> Case 13-M-0412.

<sup>2</sup> See Section 4.0 at page 8- 9 and Schedule 3.

## Location(s) of Underlying Project(s)

Statewide.<sup>3</sup> Projects are located New York State Electric & Gas, Orange & Rockland and National Grid utility territories.

## Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	CSG PV I LLC	Project Sponsor
Counterparty	NextPower III ESG	Long-Term Owner
Counterparty	Energy Impact Partners / Aspen Power Partners	Manager/Advisor in Development and Construction Phase
Counterparty	NextEnergy Capital	Manager in Operational Phase

## Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Solar Project Developers	<b>Solar project developers</b> typically use sponsor equity to finance construction of CDG assets, limiting project deployment through an inefficient use of equity funds.	By providing construction financing, NY Green Bank creates an easier path forward for developers to enable greater CDG deployment.
Capital Markets Participants	<b>Capital market participants</b> face difficulties assessing and pricing the risk exposures from distributed generation projects, due to limited precedent.	This transaction will generate performance data and demonstrate the ability of these projects to achieve competitive risk-return profiles.
CDG Subscribers	On-site solar installations are often not viable due to project siting, property ownership, and consumer preference issues.	This transaction supports the deployment of CDG solar projects, which provide <b>CDG subscribers</b> with increased access to clean, low-cost energy, regardless of where their home or business is located.

## Technologies Involved

Technology	Measures
Solar	Solar photovoltaic systems

## Metrics & Evaluation Plan

### Planned Energy & Environmental Metrics

NYGB's minimum investment criteria require that NYGB-supported transactions have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas ("**GHG**") emission reductions in support of the State's energy policies.<sup>4</sup> In addition, the Metrics Plan requires that the following energy and environmental measures, applicable to these transactions, be reported:<sup>5</sup>

<sup>3</sup> Defined as projects located in four or more regions of the State.

<sup>4</sup> Case 13-M-0412, "Order Establishing New York Green Bank and Providing Initial Capitalization" issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.

<sup>5</sup> See Metrics Plan, Section 2.0, pages 2 - 6.

- Estimated distributed solar capacity (MW);
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

The estimated gross lifetime and annual energy and environmental impacts of the Facility are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annualized Low Estimate	Annualized High Estimate
Estimated distributed solar capacity (MW) <sup>6</sup>	44	49	N/A	
Estimated GHG emission reductions (metric tons)	653,692	726,559	26,147	29,062

## Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur when a critical mass of NYGB financing and investment arrangements are put in place. Market evaluation activities commenced in 2018 on sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.<sup>7</sup> NYSERDA collected baseline data for the solar sector in 2019 and will update the data to include indicators specific to this transaction. NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in the later studies. Progress indicators are defined below for the short, medium and long terms.

NYGB expects that program and/or future market evaluation will demonstrate progress across short-term indicators; including:

- Size (i.e., generation capacity and expected dollar value) and location of projects financed by the Facility;
- Aggregate expected energy generation for projects financed by the Facility; and
- The number of projects that finalize construction financing arrangements.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators; including:

- Increased market volume of CDG projects;
- Increased general understanding of renewable energy benefits by financial community;
- Increased awareness and use of CDG subscriber performance data by financing entities;
- Increased awareness and use of project/technology performance data by financing entities;
- Demonstration of competitive risk-return profiles for CDG investment;
- Decreased project costs;
- Increased volume of secondary market financing of distributed solar assets; and
- Presence and number of new lending participants.

## Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the direct and indirect impacts that the Facility will have on the clean energy finance markets and the energy/environmental benefits delivered by these loans.

**Market evaluation** will assess the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (e.g., project subscribers, financial community) to track information including but not limited to: participation rates, project scale information, interest in solar financing (generally and with regard to CDG specifically), and influence of NYGB's participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its first phase evaluation during 2018 – 19. Later follow-up studies will assess progress against baseline levels for other market segments as those evolve. The specific timing of these efforts may be revised based on experience or other factors as NYGB's investment portfolio further develops and evolves.

<sup>6</sup> Installed distributed solar capacity at full deployment of funds is the same for annual and lifetime duration.

<sup>7</sup> See Metrics Plan, Section 3.3 at page 7 - 8.

**Impact evaluation** will assess the projects funded under the Facility. In accordance with the Metrics Plan, NYGB will track EIP/NEC projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA program) to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be used as a mechanism to estimate overlap and minimize double counting. NYSERDA and NYGB will attempt to coordinate market and impact evaluation activities for projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.