

Transaction Profile

Financing in action

HECATE ENERGY LLC

\$60 million participation in a \$250 million term loan to Hecate Energy LLC to finance solar and battery energy storage systems in New York State



NY Green Bank's participation in a \$250 million term loan will support Hecate Energy LLC in selling solar and battery energy storage systems in the early stages of development.

Market Barriers and Solutions

Large-Scale Renewable Developers require access to significant capital to develop large scale projects. Uncertainty surrounding project valuation can limit borrowing options for developers. This transaction will generate performance data and demonstrate the ability of these projects, particularly those with a battery component to achieve competitive risk-return profiles, bringing more certainty to project valuation.

Transaction amount: **\$60.0 million**

Counterparties:

(Project Borrower) Hecate Energy LLC
(Lead Arrangers) Investec Inc.,
Nomura Securities International Inc.

Product: **Term loan**

Date closed: **December 2022**

Estimated lifetime metric tons

CO₂e reduced: **10.0 million**

Technologies: **Solar, energy storage**

Location: **Statewide**

End-use segment: **Utility-scale /**
grid interconnected



“NY Green Bank is pleased to support Hecate Energy’s development pipeline of solar and battery storage projects in New York. Our participation in this transaction will support New York State’s Climate Act goal in generating 70% of the State’s electricity from renewable sources by 2030 and 100% zero-emission electricity by 2040. Battery storage is a key priority for NY Green Bank, as these types of projects help to integrate clean energy into the grid, reduce costs associated with meeting peak electric demands, and increase efficiency”

Dinush Kurera, Vice President
NY Green Bank

Participation in a term loan to finance solar and battery storage projects in New York State

HECATE ENERGY, LLC

On December 19, 2022, NY Green Bank (“NYGB”) closed a \$60.0 million participation in a \$250.0 million term loan to Hecate Energy, LLC. NYGB’s participation in the term loan will support Hecate Energy, LLC in selling solar and battery storage projects in the early stages of development.

Transaction Description

Hecate Energy, LLC (“**Hecate**”) is a Chicago-based renewable energy developer of Greenfield assets, which was founded in 2012 and has developed 3.4 GW of solar projects. Hecate develops solar projects and sells them prior to NTP using a payment structure tied to specific milestones. Hecate’s pipeline includes 125 solar and battery storage projects across 10 power markets and 32 states – 12 projects are located in New York State.

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 NYS Public Service Commission (the “**Commission**”) on May 2, 2022.¹ This Transaction Profile contains specific information in connection with the Hecate Energy, LLC transaction entered into in December 2022, as required by the Metrics Plan.²

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Term Loan	\$60.0 million

Location(s) of Underlying Project(s)

Statewide. Projects will be located across NYS.

Types of Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	Hecate Energy, LLC	Project Borrower
Counterparty	Investec Inc. Nomura Securities International Inc.	Lead Arrangers

¹ Case 13-M-0412.

² See Section 4.0 at page 8 - 9 and Schedule 3.

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Large scale renewable developers	Large scale renewable developers require access to significant capital to develop large scale projects. Uncertainty surrounding project valuation can limit borrowing options for developers.	This transaction will generate performance data and demonstrate the ability of these projects, particularly those with a battery component, to achieve competitive risk-return profiles, bringing more certainty to project valuation.

Technologies Involved

Technology	Measures
Solar, Energy Storage	Battery Storage; Solar Photovoltaic

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria require that “transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas (“GHG”) emission reductions in support of New York’s energy policies”.³ In addition, the Metrics Plan requires that the following energy and environmental measures applicable to this transaction be reported:⁴

- Estimated gross lifetime and annual GHG emission reductions (metric tons).

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

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annual Low Estimate	Annual High Estimate
Estimated GHG emission reductions (metric tons)	9,969,019	9,969,019	398,761	398,761

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 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.⁵ NYSERDA collected baseline data for the NYGB portfolio 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 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 NYGB’s investment;
- Aggregated expected energy generation for projects financed by NYGB’s investment; and

³ 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.

⁴ See Metrics Plan, Section 2.0 at pages 2 - 6.

⁵ See Metrics Plan, Section 3.3 at page 7 - 8.

- 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 Large-Scale Renewables (“LSR”) projects;
- Increased general understanding of renewable energy benefits by financial community;
- Increased awareness and use of project/technology performance data by financing entities;
- Demonstration of competitive risk-return profiles for LSR investments;
- Decreased project costs;
- Increased volume of secondary market financing of LSR assets; and
- Presence and number of new lending participants.

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

NYSERDA will evaluate the impact this transaction has had on the clean energy finance markets and the energy/environmental benefits it delivers.

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., financial community) to track information including but not limited to: project scale information 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.

Impact evaluation will assess which of the projects funded under the investment raised construction financing and were completed, commissioned, and placed in service.

In accordance with the Metrics Plan, NYGB will track Hecate Energy, LLC projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs) 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.