

Transaction Profile

Financing in action

SUNRUN INC.

Revolving loan to fund the purchase of equipment for the installation of residential solar projects in New York State



Sunrun first approached NY Green Bank in 2015 seeking support to grow their presence in the New York residential solar market. Over the years, NY Green Bank's capital has supported many aspects of Sunrun's operations, including construction, warehousing of equipment, and securitization of performing projects.

In May 2023, NY Green Bank increased its commitment to Sunrun by \$19.0 million, bringing total committed funds to the Sponsor to \$159.0 million. NY Green Bank's participation in these facilities alongside other lenders supports the continued growth of Sunrun's distributed energy projects for residential customers across New York State.

Market Barriers and Solutions

Solar project developers face difficulties securing sufficient financing to meet customer demand, hampering their ability to achieve economies of scale. NY Green Bank's participation enables Sunrun to better meet residential demand in New York State. This type of financing can be replicated with other developers seeking to secure similar capital access.

Some **homeowners** do not perceive "going solar" as practical or affordable. NY Green Bank's participation better enables homeowners to contract for solar and realize immediate reductions on their energy bill. Greater scale and broader financing markets will lead to more compelling offerings for homeowners and ultimately accelerate the widespread adoption of solar energy as a viable and accessible option for residential properties.

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May 2023 upside: **\$19.0 million**

Total commitment to Sunrun: **\$159.0 million**

Counterparties:

(Project Sponsor) Sunrun Inc.

(Project Borrower) Sunrun Safe Harbor Opco LLC

Impact: **195 MW of capacity installed, resulting in 2.3 million metric tons of CO₂e reductions over lifetime**

Technologies: **Solar, storage**

Location: **Statewide**

End-use segment: **Residential**



"We are pleased to continue building our relationship with NY Green Bank. The upside and extension of the inventory financing facility will support equipment purchases for the next three years and help Sunrun achieve its goals for deployment growth"

*Stewart Bewley, Senior Vice President,
Project Finance*



NY Green Bank
A Division of NYSERDA



Increasing Opportunities for NY Residents to Go Solar, Expanding Market Liquidity

SUNRUN INC.

On May 17, 2023, NY Green Bank (“NYGB”) closed a \$19.0 million upside to a revolving loan to Sunrun Inc. (“Sunrun”), bringing NYGB’s cumulative commitment to Sunrun to \$159.0 million. NYGB has entered into five transactions with Sunrun to accelerate the deployment of more than 14,500 solar projects at homes across New York State (“NYS”). Sunrun is a national solar provider that markets and develops residential solar energy systems. The five transactions complement each other – three provide financing to fund the purchase of materials and installation of the solar projects and two provide post-construction financing. One of the post-construction financings was arranged by Investec Bank PLC (“Investec”), an international specialty bank and asset manager, and the second post-construction financing was arranged by SunTrust Robinson Humphrey Inc. (“SunTrust”) and ING Capital LLC (“ING”). The equipment financing facility was jointly arranged by KeyBank N.A. (“Key”) and ING, respectively.

Transaction Description

Sunrun first approached NY Green Bank in 2015 seeking support to grow their presence in the New York residential solar market. Over the years, NY Green Bank’s capital has supported many aspects of Sunrun’s operations, including construction, warehousing of equipment, and securitization of performing projects.

In May 2023, NY Green Bank increased its commitment to Sunrun by \$19.0 million, bringing total committed funds to the Sponsor to \$159.0 million. NY Green Bank’s participation in these facilities alongside other lenders supports the continued growth of Sunrun’s distributed energy projects for residential customers across New York State.

Construction Loan Facility

On June 16, 2016, NYGB committed \$25.0 million which, along with financing from other lenders, allows Sunrun to increase its existing revolver from \$205.0 million to \$250.0 million. The revolver (“**Construction Loan Facility**” or “**CLF**”) will be used by Sunrun to fund customer acquisition, purchase of materials, and construction and installation of the systems, and will ultimately be refinanced through Credit Facilities (such as described below) and tax equity commitments arranged by Sunrun. On February 23, 2018, NYGB and the lender group consented to extend the maturity of the CLF by two years in support of Sunrun’s consistent and growing deployment rate in NYS and nationally. Sunrun then refinanced the \$250.0 million CLF with a new \$600.0 million facility. On March 8, 2022, NYGB committed an additional \$15.0 million to this new facility, for a total commitment of \$40.0 million. NYGB’s continued participation in this consortium of capital providers broadens the availability of construction financing for distributed energy projects for homeowners across NYS.

Investec Credit Facilities

On May 13, 2016, NYGB closed a \$25.0 million commitment to participate in a transaction consisting of two credit facilities – a loan aggregation revolving facility and a term loan (together the “NYGB Loan Products”), which are expected to accelerate the deployment of over 5,000 solar projects at homes across NYS. The transaction was part of a broader \$340.0 million financing (the “Post-Construction Aggregation Facilities”) arranged by Investec that provides Sunrun with a larger financing to expand its business in NYS and elsewhere. The \$340.0 million Post-Construction Aggregation Facilities (which include the NYGB Loan Products) represent one of the largest aggregation financings for a residential solar developer at the time of closing. On March 27, 2018, NYGB and the lender group consented to extend the deployment period and the maturity of the Post-Construction Aggregation Facilities by over two years based on Sunrun’s demonstrated ability to continually deploy solar PV projects in NYS and nationally. On April 20, 2018, NYGB and the

lender group consented to expand the Post-Construction Aggregation Facilities up to \$595.0 million to further support Sunrun's continued growth. NYGB's share of this increase is \$10.0 million, bringing NYGB's overall commitment to the Post-Construction Aggregation Facilities to \$35.0 million.

SunTrust/ING Credit Facilities

On May 9, 2017, NYGB closed a \$15.0 million commitment to participate in an aggregation-to-term loan facility. The transaction was part of a \$202.0 million financing (the "**SunTrust/ING Credit Facilities**") arranged by SunTrust and ING that provides Sunrun with a larger financing to expand its business in NYS and elsewhere. The \$202.0 million SunTrust/ING Credit Facilities support a \$100.0 million equity partnership with National Grid plc, an international utility with a sizeable NYS presence. Through increased scale, the aggregation-to-term transactions are expected post-aggregation to draw new investors and financial institutions into the marketplace, decreasing the cost of capital for solar developers and installers, and in turn, the cost of solar power equipment sold or leased to homeowners.

Equipment Financing / Safe Harbor Facility

On February 5, 2020, NYGB closed a \$10.0 million commitment to participate in a transaction facilitating the purchase of and directly secured by solar materials (panels and inverters). This transaction was part an \$84.0 million financing arrangement by Key and ING (the "**Safe Harbor Facility**" or "**SHF**"). This facility allows Sunrun to take advantage of the IRS's safe harbor program with respect to the 2019 commercial investment tax credit ("**ITC**"), and ultimately, supports Sunrun's continued growth in NYS and nationally and its continued ability to deliver attractive economics to residential homeowners. On December 19, 2022, NYGB upsized this commitment by \$21.0 million on December 19, 2022 and by \$19.0 million on May 17, 2023.

Overall Context

Sunrun sought NYGB's participation in the CLF, SHF, SunTrust/ING Credit Facilities and Investec Credit Facilities to provide further liquidity to support Sunrun's capital needs in growing its business. With both construction and longer-term financing in place, Sunrun is well positioned to meet the growing demand from homeowners and expand its ability to finance the installation of solar projects throughout NYS.

These complementary transactions will result in the aggregation of bundled pools of residential solar systems that will ultimately be refinanced through one or more longer-term take-out financings. Such refinancings may include a securitization – the sale of underlying cash flows resulting from residential leases or power purchase agreements ("**PPAs**") to third party investors – providing additional avenues to develop and scale the emerging residential solar asset class, both for Sunrun and other market participants. Given that the bank market for such credit facilities remains limited, NYGB's participation enables larger aggregation facilities than would otherwise be available, resulting in longer term takeout refinancings at a scale greater than might otherwise be achieved. Greater scale means greater investor interest, which will ultimately result in more attractive debt pricing that will benefit New Yorkers via more attractively priced contracts under which power is purchased.

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 Sunrun Inc. transaction entered into in May 2023, as required by the Metrics Plan.²

Form of NYGB Investment

¹ Case 13-M-0412.

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

NYGB Product	Product Sub-Type	Committed Capital
Warehousing/Aggregation	Senior Secured Revolver and Subordinated Term Loan	\$35.0 million
Warehousing/Aggregation	Senior Secured Aggregation-to-Term Loan	\$15.0 million
Asset Loan & Investment	Construction Financing Revolver	\$25.0 million
Warehousing/Aggregation	Equipment-Backed Revolver	\$10.0 million
Asset Loan & Investment	Construction Financing Revolver	\$15.0 million
Warehousing/Aggregation	Equipment-Backed Revolver	\$21.0 million
Warehousing/Aggregation	Equipment-Backed Revolver	\$19.0 million

Location(s) of Underlying Project(s)

Statewide. Projects will be across New York State.

Types of Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	Sunrun Inc.	Project Sponsor
	Sunrun Safe Harbor Opco LLC	Project Borrower

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Solar project developers	Solar project developers face difficulties securing sufficient financing to meet customer demand, hampering their ability to achieve economies of scale.	NY Green Bank's participation enables Sunrun to better meet residential demand in New York State. This type of financing can be replicated with other developers seeking to secure similar capital access.
Homeowners	Some homeowners do not perceive "going solar" as practical or affordable.	NY Green Bank's participation enables homeowners to contract for solar and realize immediate reductions on their energy bill. Greater scale and broader financing markets will lead to more compelling offerings for homeowners and ultimately accelerate the widespread adoption of solar energy as a viable and accessible option for residential properties.

Technologies Involved

Technology	Measures
Solar	Solar photovoltaic (" PV ") systems

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 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 investment are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annualized Low Estimate	Annualized High Estimate
Estimated distributed solar capacity (MW) ⁵	176	195	N/A	
Estimated gross GHG emission reductions (metric tons)	2,062,011	2,289,483	82,481	91,579

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.⁶ 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:

- Number and location of projects (by zip code);
- Size (generation capacity and dollar value) of projects;
- Market volume of projects increases; and
- Favorable financial and technology performance data.

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

- Increased awareness of clean energy benefits amongst financing entities as a result of favorable technology performance data;
- Investment risk/default rates become increasingly attractive to investors, as a result of positive financial performance data;
- Increased number of financial participants providing similar capital structures;
- Replication of finance model by other developers;
- Decreased project technology costs;
- Increased number of clean energy financings;
- Emergence of secondary markets for clean energy asset classes; and
- Reduced time to execute clean energy financing.

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

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 Built clean energy generation capacity at full deployment of funds is the same for first-year and lifetime duration.

⁶ See Metrics Plan, Section 3.3 at page 7 - 8.

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 Sunrun 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.