



Continued Support of Distributed Generation in the Northeast

Nexamp, Inc.

In February 2021, NY Green Bank (“NYGB”) provided \$25.0 million to participate in a syndicated term loan facility (the “Term Loan”) to a portfolio of distributed solar projects primarily developed by Nexamp, Inc. (“Nexamp” or the “Sponsor”). The financing was led by MUFG Bank, LTD (“MUFG”). The Term Loan proceeds are anticipated to finance 95 distributed generation solar projects in NY, MA, IL, MD and GA. Of those projects, 30 will be in New York State (“NYS” or the “State”) including community distributed generation (“CDG”) and Power Purchase Agreement (“PPA”) projects. This transaction is expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, lower-cost clean energy opportunities.

Transaction Descriptions

Nexamp is a solar, battery storage, and clean energy company founded in 2007 and headquartered in Boston, Massachusetts. Nexamp develops, constructs, owns, and operates clean energy projects reporting over 300 MW of operating solar generating capacity across 100+ projects and approximately 500 MW of solar generating capacity under construction that includes 100+ projects. Through its innovative community solar program, Nexamp makes the benefits of solar equally accessible to everyone with nothing to install, no credit checks and no long-term commitments, enabling residents to save money while supporting the expansion of clean energy. NYGB’s \$25.0 million commitment in the Term Loan is expected to support a total of 95 distributed solar projects across NYS, Massachusetts, Illinois, Maryland and Georgia, including 30 distributed solar projects – totaling 144 MW – in NYS, which will deliver considerable benefits to New Yorkers. In addition, three of the projects in the Nexamp portfolio currently under construction will support clean energy generation in NYS parks. One project, representing approximately 24% of NYGB’s investment, is located in a disadvantaged community based on the interim definition under the Climate Leadership & Community Protection Act and a second project, representing approximately 38% of NYGB’s investment, is participating in NYSERDA’s Solar For All Program.

This transaction provides substantial liquidity to an experienced project developer focused on increasing its renewable energy project holdings. Additionally, this transaction will help NYGB continue to demonstrate the viability of CDG projects in NYS, draw new investors into the marketplace, and ultimately lower the cost of capital for CDG projects. Increased solar deployment will continue to drive activity in the State, which will help NYS meet its 6 GW solar target by 2025. 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; further, participating residential subscribers will not be limited by credit profile, will not be required to enter into long-term obligations, and will receive meaningful electricity cost savings in the form of a fixed discount to on bill credits.

This Transaction Profile is provided pursuant to the updated “NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0” (the “**Metrics Plan**”) developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the “**Commission**”) on June 20, 2016.¹ This Transaction Profile contains specific information in connection with the Term Loan as required by the Metrics Plan.²

¹ Cases 13-M-0412 and 14-M-0094.

² See Section 4.0, page 8 and Schedule 3.

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Term Loan	\$25.0 million

Location(s) of Underlying Project(s)

Statewide.³ The Nexamp projects will be in regions across NYS.

Types of Organizations that are Transaction Participants

	Name	Participant Type
Sponsor	Nexamp, Inc.	Energy Project Developer
Lead Arranger	MUFG Bank, LTD	Commercial Bank

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Solar Project Developers	Financing beyond construction can be an inefficient use of sponsor equity, which limits project deployment efforts and effectively restricts the pace and magnitude of distributed generation being deployed in NYS.	This transaction encourages more efficient use of sponsor equity and supports project development efforts in NYS by providing term financing to a project developer. NYGB's role demonstrates the availability of capital to developers and allows for the collection of additional subscriber data for developers and customer managers, enabling further understanding and validation of this asset class for all stakeholders – ultimately facilitating increased deployment of community and other distributed generation assets throughout NYS.
Capital Markets Participants	As a relatively new form of clean energy project, distributed generation lacks financing precedents and has limited performance history in NYS. As such, it can be more difficult for private sector capital providers to assess and price the underlying risk exposures associated with distributed generation project investments.	Projects supported as a result of this transaction will generate project and customer performance data to draw new investors and financial institutions into the marketplace by demonstrating that competitive risk-return profiles can be achieved by distributed generation enabled business models.
CDG Subscribers	Due to project siting, property ownership and consumer preference issues, on-site solar project installations may not be viable for many NYS homeowners, renters, and businesses. This limits solar access to those with suitable homes or businesses.	These transactions support the deployment of CDG solar projects, which provide those who are not otherwise able to install solar energy generation systems on their property (e.g., homeowners whose rooftops cannot support solar systems, renters and those who cannot afford solar standalone systems), with increased access to clean, low-cost energy, regardless of where their home or business is located.

³ Defined as projects located in four or more regions of the State.

Technologies Involved

Technology	Measures
Renewable Energy	Solar photovoltaic (“PV”) systems and energy storage

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria specifically require that “transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas (“GHG”) reductions in support of New York’s energy policies.”⁴ In addition, the Metrics Plan requires NYGB to report on the following energy and environmental measures, which are applicable to this transaction⁵:

- Estimated gross lifetime and first-year clean energy generated (MWh);⁶
- Estimated gross clean energy generation installed capacity (MW); and
- Estimated gross lifetime and first-year GHG emission reductions (metric tons).

The estimated gross lifetime and first-year energy and environmental impacts of the Term Loan are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	First-Year Low Estimate	First-Year High Estimate
Estimated gross clean energy generated (MWh)	2,827,557	3,331,903	113,082	133,276
Estimated gross clean energy generation installed capacity (MW) ⁷	102	121	N/A	
Estimated gross GHG emission reductions (metric tons)	80,700,000	84,600,000	2,000,000	2,100,000

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 have been 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.⁸ 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 Term Loan;
- Aggregate expected energy generation for projects financed by the Term Loan; and
- The number of projects that finalize construction financing arrangements.

⁴ 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.

⁵ See Metrics Plan, Section 2.0, pages 2 – 6.

⁶ First year gross energy generation refers to the first year of estimated gross energy generation once a measure is installed and as such generation will not necessarily correspond to the first year of the investment term. The majority of NYGB’s investments have a two to three-year development cycle in which projects are originated, installed and placed into commercial operation.

⁷ Built clean energy generation capacity at full deployment of funds is the same for first-year and lifetime duration.

⁸ See Metrics Plan, Section 3.3 at page 7.

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 Term Loan 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, etc.) 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.

Impact evaluation will assess the projects funded under the Term Loan. In accordance with the Metrics Plan, NYGB will track Nexamp projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs, etc.) 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.