

## Supporting the Construction of New York's Solar Projects

### Cypress Creek Renewables / Investec

*On October 30, 2020 NY Green Bank (“NYGB”) entered into agreements with affiliates of Cypress Creek Holdings, LLC (“CCH”) to provide a \$15.0 million participation in a syndicated term loan to refinance a portfolio of 211 operating assets across 12 states. This transaction is expected to support the deployment of up to 26 megawatts (“MW”) of solar photovoltaic (“PV”) in New York State (“NYS”), providing residents and businesses with a greater variety of energy choices and, ultimately, lower-cost clean energy opportunities.*

### Transaction Description

Cypress Creek Holdings, LLC (“CCH,” “Cypress Creek,” or the “Sponsor”) is a private equity owned renewable energy company, and a leading solar generation and solar company that, through its subsidiaries, develops, finances, owns and operates utility-scale and distributed facilities across the country. CCH is one of the most experienced developers, owners, and operators of solar assets in the U.S. with 9.8 GW developed and 3.2 GW operated. CCH’s management team has raised over \$6.0 billion in tax equity, permanent debt, and construction debt financing for over 2.0 GW of solar assets.

#### Syndicated Term Loan Facility

Investec, Inc. as sole bookrunner and lead arranger is syndicating a portion of non-recourse, senior secured facilities for CCH, including (1) \$173.0 million term loan, (2) \$22.0 million letter of credit facility, and (3) \$5.0 million working capital facility. These three credit facilities will recapitalize CCH’s ownership interest in a portfolio of 211 operating solar assets totaling 1.6 GW spread across 12 states (the “Portfolio”). NYGB has a \$15.0 million participation in the \$173.0 million term loan.

#### Overall Context

NYGB has committed a combined \$60.0 million to Cypress Creek through two loan facilities. These complementary transactions are collectively expected to: (i) provide residential subscribers access to reliable, clean, low-cost energy; and (ii) reduce up to 138,000-174,000 metric tons of greenhouse gas (“GHG”) emissions annually or up to 3.4-4.4 million metric tons of GHG emissions over the lifetime of the projects. Additional information on the other NYGB loan with Cypress Creek can be found in the Transaction Profile dated December 2018. These transactions will help to demonstrate the viability of solar PV in the State, draw new investors and financial institutions into the marketplace and ultimately help reduce the cost of capital. Consumers are expected to be 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 3.0 (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 June 20, 2016.<sup>1</sup> This Transaction Profile contains specific information in connection with the CCH transaction relating to the loan

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

facility entered into in October 2020, as required by the Metrics Plan.<sup>2</sup>

## Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Term Loan	\$15.0 million

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

Statewide.<sup>3</sup> Cypress Creek is incentivized by this loan to develop projects throughout NYS.

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

	Name	Participant Type
<b>Counterparties</b>	Cypress Creek Financial Holdings, LLC	Energy Project Developer
	Cypress Creek Renewables Development, LLC	Energy Project Developer
<b>Financier(s)</b>	Tax equity provider(s)	Major U.S. Financial Institution(s)

## Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
<b>Solar Project Developers</b>	Financing beyond construction can be an inefficient use of sponsor equity and may limit project deployment efforts and effectively restrict the amount of large scale and distributed generation solar being deployed in NYS, ultimately slowing the rate of deployment.	This transaction encourages more efficient use of sponsor equity and supports project development efforts in NYS by recapitalizing operating assets of a project developer. NYGB's role demonstrates the availability of capital to develop large-scale distributed solar PV assets throughout NYS.

## Technologies Involved

Technology	Measures
Renewable Energy	Solar PV systems

## 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".<sup>4</sup> In addition, the Metrics Plan requires NYGB to report on the following energy and environmental measures, as applicable to this transaction:<sup>5</sup>

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

<sup>2</sup> See Section 4.0, page 8 and Schedule 3.

<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.

The estimated lifetime and annual energy and environmental impacts of the Investment, facilitated by NYGB's financial participation in this transaction, are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	First-Year Low Estimate	First-Year High Estimate
Estimated clean energy generated (MWh)	386,326	772,651.63	15,453	30,906
Estimated clean energy generation installed capacity (MW) <sup>6</sup>	13	26	N/A	
Estimated GHG emission reductions (metric tons)	193,286	386,571	7,731	15,463

## Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation will 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> Baseline data was collected for the NYGB portfolio in 2019 and will be updated going forward to include indicators specific to this transaction. Baseline data on indicators will be used 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.

Output indicators will identify early activity levels and will be regularly tracked for the duration of the transaction. These include, but are not limited to:

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

Outcome indicators will be expected to show progress through program tracking or market evaluation over time. These include, but are not limited to:

- Increased market volume of Community Distributed Generation ("CDG") and Large-Scale Renewables ("LSR") 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 & LSR investments;
- Decreased project costs;
- Increased volume of secondary market financing of CDG and LSR assets; and
- Presence and number of new lending participants.

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

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

**Market evaluation** will address 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 or LSR), and influence of NYGB's participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its

<sup>6</sup> Built clean energy generation capacity at full deployment of funds is the same for first-year and lifetime duration.

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

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 NYGB’s investment raised construction financing and were completed, commissioned, and placed in service.

In accordance with the Metrics Plan, NYGB will track CCH 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.