TRANSACTION PROFILE

December 2019

Continued Support of Distributed Generation in the Northeast

AES Distributed Energy

*In November 2019, NY Green Bank ("**NYGB**") provided $50.0 million to participate in a syndicated term loan facility (the "**Term Loan**") to a portfolio of distributed solar projects developed by AES Distributed Energy, Inc. ("**AES DE**" or the "**Sponsor**"). The financing was led by Nomura Holding Inc.("**Nomura**"). The Term Loan proceeds are anticipated to finance 41 distributed generation solar projects in three Northeastern States. Of those projects, 14 will be in New York State ("**NYS or the State**") including community distributed generation utility, and municipal solar 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 Description

AES DE is an experienced project developer, owner, and operator of renewable energy projects, and is actively managing a project portfolio that consists of community solar, utility scale, and municipal solar projects – including 33.7 MW of community solar in NYS. NYGB's $50.0 million commitment in the Term Loan is expected to support a total of 41 distributed solar projects across New York, Massachusetts, and Rhode Island, including 14 distributed solar projects – totaling 46.1 MW – in NYS, which will deliver considerable benefits to New Yorkers. In addition, three of the projects in the AES DE portfolio currently under construction will support clean energy generation in New York State parks. All of these projects will be made in support of corporate goals set by AES DE's parent company, AES Corp. (NYSE: AES) which aims to decrease its carbon intensity 70% by 2030.

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 community distributed generation projects in NYS, draw new investors into the marketplace, and ultimately lower the cost of capital. 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.

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 AES DE transaction entered into on December 4, 2019, as required by the Metrics Plan.[2]

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Term Loan	$50.0 million

[1] Case 13-M-0412.
[2] See Section 4.0, page 8 and Schedule 3.

Location(s) of Underlying Project(s)

Statewide.[3] The AES projects will be located in regions across NYS.

Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Sponsor	AES Distributed Energy, Inc.	Energy Project Developer
Co-Lead Arrangers	Nomura Holding Inc., Silicon Valley Bank, Key Bank	Commercial Banks

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 amount of distributed generation 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 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 the 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.
Community Distributed Generation 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 the number of solar projects getting done to those with suitably sited homes or businesses.	This transaction supports the deployment of community distributed generation 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 stand-alone systems), with voluntary access to clean, low-cost energy, regardless of where their home or business is located.

Technologies Involved

Technology	Measures
Renewable Energy	Solar photovoltaic systems

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

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 reductions in support of New York's energy policies".[4] In addition, the Metrics Plan requires that the following energy and environmental measures, applicable to this transaction, be reported on:[5]

- Estimated gross lifetime and first-year clean energy generated (MWh);
- 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 clean energy generated (MWh)	1,069,872	1,337,339	42,795	53,494
Estimated clean energy generation installed capacity (MW)	36.90	46.12	N/A	
Estimated GHG emission reductions (metric tons)	535,178	668,973	21,407	26,759

Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occurs when a critical mass of NYGB financing and investment arrangements are put in place, approximately three to five years following initial NYGB capital deployments. Market evaluation activities commenced in 2018 on sectors that have been supported by NYGB since its inception, and the data set will be updated going forward to include indicators specific to this and other transactions. Baseline data 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, mid 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 the Bridge Loan;
- Aggregate expected energy generation for projects financed by the Term Loan; and
- The number of projects that finalize construction financing arrangements.

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

- Market volume of distributed solar projects increases;
- General understanding of renewable energy benefits by financial community increases;
- Increased awareness and use of distributed 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 distributed solar investment;
- Decreased project costs;
- Volume of secondary market financing of distributed solar assets increases; and
- Number of new lending participants.

[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.

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

NYSERDA will evaluate the direct and indirect impacts that this transaction has on the clean energy finance markets and the energy/environmental benefits delivered by this transaction.

Market evaluation will address the short, mid and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (project subscribers, financial community) to track information including but not limited to: participation rates, project scale information, interest in New Construction financing, and influence of NYGB's participation on financial markets. As noted, baseline data was collected on key indicators in the first phase evaluation during 2018 – 2019. Subsequent studies will assess progress against baseline levels for other market segments like New Construction. The specific timing of these efforts will be determined (and may be revised) on an ongoing basis as NYGB's investment portfolio continues to grow and evolve.

Impact evaluation will assess which of the projects funded under the Term Loan, once completed, commissioned, and placed in service.

As with all NYGB investments, AES projects that receive an incentive or funding from other entities (e.g., utility, other NYSERDA program) will, in accordance with the Metrics Plan, be tracked in order 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. Attempts will be made to coordinate market and impact evaluation activities for these projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.