

## Accelerating Clean Energy Investment in New York State

### Generate Capital, Inc.

In November 2019, NY Green Bank (“**NYGB**”) provided a senior secured \$35.0 million term loan facility (the “**Facility**”) to Generate PPL SPV I (“**Borrower**”), which is owned by Generate Lending, LLC (“**Parent**”), a limited liability company that is owned by Generate Capital, Inc. (“**Sponsor**” or “**Generate**”). In July 2020, NYGB increased the Facility size to \$55.2 million and extended the maturity date to July 2023. Loan proceeds will refinance a portion of a senior secured term loan (“**Underlying Loan**”) between the Parent and Plug Power, Inc. This transaction is expected to result in increased Sponsor investment in New York State (“**NYS**” or the “**State**”) clean energy projects that amount to at least \$60.0 million.

### Transaction Description

Generate builds, finances, owns and operates sustainable infrastructure in North America. NYGB entered into the \$35.0 million Facility, and subsequently increased the commitment to \$55.2 million, to support Generate and leverage its illiquid position in a senior secured loan with Plug Power.

Generate Capital has a NYS portfolio and pipeline that includes rooftop solar, community solar, anaerobic digesters, and fuel cells. The Facility provides liquidity to Generate to invest in NYS projects that have the potential to reduce greenhouse gas (“**GHG**”) emissions. Generate plans to invest at least \$60.0 million in NYS clean energy projects and will report to NYGB its investment activity in the State. Given its pipeline, Generate expects to invest in 44.0 MW of clean energy generating projects which will deliver environmental and economic development benefits to New Yorkers across the State. By demonstrating to investors that Generate can monetize their interests in business models with limited liquidity, NYGB expects this transaction to attract more investors seeking clean energy investments in NYS. This transaction serves as a precedent and signal to address this critical market need.

This Transaction Profile is provided pursuant to the “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.<sup>1</sup> This Transaction Profile contains specific information in connection with the Generate transaction entered into on December 3, 2019, as required by the Metrics Plan.<sup>2</sup>

### Form of NYGB Investment

| NYGB Product       | Product Sub-Type | Committed Capital |
|--------------------|------------------|-------------------|
| Asset & Investment | Term Loan        | \$55.2 million    |

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

Multiple Regions. The rooftop solar projects are located in New York City. Other investment opportunities in Generate’s pipeline are located in other regions of the State.

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

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

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

|                                 | Name                   | Participant Type |
|---------------------------------|------------------------|------------------|
| <b>Client</b>                   | Generate PPL SPV I     | Borrower         |
| <b>Counterparties (current)</b> | Generate Lending, LLC  | Parent           |
|                                 | Generate Capital, Inc. | Sponsor          |

## Summary of Financing Market Objectives & Barriers Addressed

| Beneficiary                            | Market Barrier   | Financing Solution   |
|--|--|--|
| <b>Clean Energy Project Developers</b> | Clean energy developers face difficulties receiving cost-effective financing for their clean energy projects.  | NYGB's support of private capital investors encourages more investing activity in the NYS clean energy market.   |
| <b>Capital Market Participants</b>     | Many capital market participants are not comfortable underwriting clean energy investments with structural features that result in illiquid positions. | NYGB's participation sets an important precedent for investors that NYGB will support investors seeking to expand and accelerate NYS investment opportunities. |
| <b>New Yorkers</b>                     | There continues to be a shortage of precedent clean energy project investments to attract private capital.   | By catalyzing investment in clean energy in NYS, NYGB is providing New Yorkers with greater choices and access to clean energy.                                |

## Technologies Involved

| Technology              | Measures                     |
|-------------------------|------------------------------|
| <b>Renewable Energy</b> | Solar photovoltaic systems   |
| <b>Bioenergy</b>        | Anaerobic digesters          |
| <b>Other</b>            | Energy Storage<br>Fuel Cells |

## 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 ('GHG') reductions in support of New York's energy policies".<sup>3</sup> In addition, the Metrics Plan requires that the following energy and environmental measures applicable to this transaction be reported<sup>4</sup>:

- 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:

<sup>3</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>4</sup> See Metrics Plan, Section 2.0, pages 2 - 6.

| Energy/Environmental Impact                               | Lifetime Low Estimate | Lifetime High Estimate | Annualized Low Estimate | Annualized High Estimate |
|---|-----------------------|------------------------|-------------------------|--------------------------|
| Estimated energy generated (MWh)                          | 461,052.63            | 3,764,532.74           | 46,105.26               | 376,453.27               |
| Estimated clean energy generated (MWh)                    | 501,623.88            | 559,615.08             | 20,064.96               | 22,384.60                |
| Estimated fuel consumption (MMBtu) <sup>5</sup>           | 4,149,269.06          | 23,715,386.72          | 414,926.91              | 2,371,538.67             |
| Estimated energy generation installed capacity (MW)       | 5.00                  | 27.10                  | N/A                     |                          |
| Estimated clean energy generation installed capacity (MW) | 17.30                 | 17.00                  | N/A                     |                          |
| Estimated GHG emission reductions (metric tons)           | 298,865.65            | 656,387.71             | 14,831.02               | 317,579.76               |

## 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 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 later studies.

## 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 which it delivers.

**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 (project developers, financial community) to track information including but not limited to NYS investment. As noted, baseline data was collected on key indicators in the 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 performance of the projects invested in by Generate Capital located in NYS. As with all NYGB investments, projects supported by Generate investments that received 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.

<sup>5</sup> Estimated fuel consumption will be included in the estimated energy savings (MMBtu) from CHP categories in NYGB consolidated reporting.