INFOCAST VIRTUAL | MASTER CLASS

LEAD INSTRUCTOR

Darin Lowder
Partner
FOLEY & LARDNER LLP

Innovation in Risk Management for Renewable Project Finance

April 14 - 15, 2021 | 11:00 AM - 4:45 PM EDT | Digital Access

Wednesday, April 14, 2021

11:00-11:10 ET **Introduction and Opening Remarks by Lead Instructor**

Darin Lowder, *Partner*, FOLEY & LARDNER LLP

11:10-12:35 **Session 1: Novel Approaches to De-risking & Insuring Renewable Transactions**
Project financing is all about risk allocation. Although typically framed as a zero-sum exercise (risk is allocated to either buyer or seller, lender or borrower, etc.), this session will discuss both existing and new tools available to minimize and allocate risks through various methods, including using insurance products to allocate risks to third parties. Which risks are key parties worried about? How are these risks addressed?

Risks to be addressed:

- Construction completion
- Operating revenues
- Price/Debt Fluctuations (including merchant pricing or merchant tail risk)
- Environmental liabilities
- Real Property Rights and Liabilities
- Corporate/Tax Structuring Issues
- Subscriber Risk (residential, community solar or CSG)
- Regulatory Risk

Risk Mitigation Approaches:

- Organizational / Transaction Structure
- Due Diligence Processes
- Insurance Policies Tailored to Key Risks
- Swaps / Derivatives
- New Offtake Structures

Darin Lowder, *Partner*, FOLEY & LARDNER LLP
Thomas Hoffmann, *Partner*, FOLEY & LARDNER LLP

12:35-12:50 *Live Q&A*

12:50-1:00 *Break*

1:00-1:55 **Session 2: Structuring Every Project Phase with Risk Management as a Strategic Goal**
Rather than focusing on managing risks for renewable power projects only when the assets are being sold or financed, the process of reducing risk should be incorporated

from the ground up. Sophisticated sponsors incorporate risk reduction strategies into all phases of project development and operations. Hear a step-by-step guide to risk mitigation in every phase of the project lifecycle, and examine the new tools or approaches appropriate for each, including how to cluster projects for financings and acquisitions to address concentration of risk issues.

Possible Tools/Approaches:

- Back Leverage v. Project-Level Ownership & Operational Structures
- Strategically Grouping Projects during development, acquisition and financing (separating or blending projects with high/low risks related to construction schedule, environmental or real estate issues)
- Blend of offtakers (contracted/merchant/utility-scale/C&I)
- Project ownership structures with tax equity and debt structures in mind
- Third-party servicers or marketers (Residential/Community Solar)

Benjamin C. Cooper, *Senior Vice President, Portfolio Management,* KEYBANK
Jared Donald, *Country Head, USA*, AMP SOLAR
Darin Lowder, *Partner*, FOLEY & LARDNER LLP

1:55-2:10 *Live Q&A*

2:10-2:45 *Lunch*

2:45-3:30 **Session 3: Non-Traditional Strategies for Effective Due Diligence on Large Portfolios**
As new approaches to due diligence efforts evolve from the traditional due diligence process, sponsors are using diligence efforts in the acquisition, and lenders and investors are utilizing a variety of approaches to conducting due diligence in managing and mitigating the risk of financing large portfolios of renewable energy projects. Effective diligence efforts support structuring transactions to minimize and accurately price risks, including approaches to diligence sampling, and areas of recently increased or decreased sensitivity.

- Screening for early-stage development risks
- Using effective diligence to categorize projects by risk profiles
- Managing the tension between diligence efficiency and thoroughness
- Incorporating sampling approaches in large project portfolios
- Prioritizing identified risks
- Addressing and mitigating risks through estoppels, allocation of risk, title insurance, legal opinions or third-party insurance products

Jason Barglow, *Partner*, FOLEY & LARDNER LLP
Annie Tsai, *Attorney*, FOLEY & LARDNER LLP

3:30-3:45 *Live Q&A*

3:45-3:55 *Break*

3:55-4:45 **Session 4: Best Practices to Utilize Evolving State Level Offtake & Incentive Programs**
State-level incentive programs are regularly revised and updated as renewable energy adoption increases. Projects must ensure current and future qualification for various incentives or offtake structures to avoid the risk of significant reductions in offtake values or related incentives. The risk of non-compliance must be addressed pre-and post-closing. We will discuss how these risks are identified, addressed and managed over time.

- New York VDER Programs and Consolidated Billing
- Community Solar Programs
- CCA's
- Changes to Net Metering Programs
- Changes to incentives such as the MA SMART Program
- Other PBI's / Incentives

Darin Lowder, *Partner*, FOLEY & LARDNER LLP

4:45-5:00 *Live Q&A/Day 1 Wrap Up*

5:00-6:00 *Virtual Networking*

Thursday, April 15, 2021

11:00-11:45 **Session 5: Recent Innovations in Insurance Products for Project Financing Transactions**
In recent years, a number of new insurance products have begun to be incorporated regularly into renewable energy project acquisitions and financings. This session will discuss some of these products, and how and in what circumstances they are typically implemented.

Insurance Products:
- Production/Output Insurance
- Offtaker Credit/Purchase Insurance
- ITC Insurance
- Reps & Warranties Insurance
- Pricing Swaps/Hedges to address Merchant Pricing risk
- Bespoke Products

Darin Lowder, *Partner*, FOLEY & LARDNER LLP
Richard Matsui, *CEO*, KWH ANALYTICS

11:45-12:00 *Live Q&A*

12:00-12:10 *Break*

12:10-1:10 **Session 6: New Lender Appetite Shifts & Solutions to Merchant Pricing Risk**

More sponsors and financing parties are getting comfortable taking on merchant pricing risks to varying degrees. What protections do lenders now require, how have financing parties gotten comfortable taking those risks, and what risks are the different categories of parties willing to take? Each party must consider their approaches to long-term merchant risk strategically, understanding both the appetite and sophistication of their country-party. Financing parties can create value by their ability to absorb certain risks, but doing so effectively requires a strong understanding of merchant risk frameworks, as well as hedge strategies that may shift over time.

- Participation in specific organized markets (PJM v. ERCOT v. NYISO, etc.)
- Hedges or Swaps
- Synthetic PPA's / Corporate PPA's
- Merchant Tails v. Merchant Projects
- Concentration Risk (geographic, specific markets, Contract Terms)
- Capacity or Storage Markets
- SRECs or other PBI's

Andrew Chen, *Managing Director*, CIT GROUP INC**.**
Darin Lowder, *Partner*, FOLEY & LARDNER LLP
Sven Wellock, CFA, *Managing Director & Co-Lead of Energy - Renewables & Power*, ING CAPITAL LLC

1:10-1:25 *Live Q&A*

1:25-1:35 *Break*

1:35-2:25 **Session 7: Matching Risk Mitigation Efforts with Debt/Investment Sizing and Pricing**

Even after significant efforts have been made to manage and mitigate risks, lenders may not increase debt sizing or adjust the pricing for a particular portfolio. It is critical for sponsors to match the risk characteristics of each portfolio with the risk appetite of tax equity investors and lenders. In addition, lenders or investors may require specific risk mitigation efforts to ensure that particular identified risks are addressed (e.g., amount of ITC received, allocation of risk of an incorrect representation or warranty during the sale of a portfolio, ensuring payment of the expected output of a project, or ensuring offtakers are able to meet obligations over time). This panel will discuss the views of the greatest project risks from a lender and investor perspective, and how lenders and investors determine what risks are acceptable for a particular portfolio.

- When do risk mitigation efforts reduce the risk significantly enough to increase debt sizing?
- In what ways do lenders and investors (and as a result, the Project Sponsor) benefit from project de-risking?
- What are acceptable levels of risk from an investor and lender perspective?
- Are solar projects generally getting more or less risky? If so, why?

Adam Altenhofen, *Senior Vice President of Origination*, SOLTAGE, LLC
John Eliason, *Partner*, FOLEY & LARDNER LLP
Eric J. Heintz, *Managing Director of Green Energy Finance,* M&T BANK

2:25-2:40 *Live Q&A*

2:40-3:15 *Lunch*

3:15-4:10 **Session 8: Looking Ahead: New Approaches to the Biggest Risks for Financing in 2021 and Beyond**
This session will highlight the views of industry-leading sponsors regarding the greatest risks to successful renewable energy project financings in 2021, with an eye towards future changes to risk profiles and emerging risks: what has changed in the risk terrain, and what tools are likely to be utilized in new and novel ways to address those risks.

- Regulatory Risks (Trade Issues, New Proposed Regulations)
- Impacts of possible fiscal or monetary policy changes
- The effect of recent tax law changes
- Ongoing changes to renewable incentive structures
- Transaction Structures
- Output, Offtake
- Merchant Pricing Issues

Darin Lowder, *Partner*, FOLEY & LARDNER LLP
Quinn Pasloske*, Principal, Private Equity,* GREENBACKER CAPITAL
Fred Petit, *Power & Infrastructure Finance*, INVESTEC

4:10-4:25 *Live Q&A*

4:25-5:05 **Session 9: Office Hours: Interactive Live Zoom Session**
This Interactive Live Zoom Session at the class conclusion allows you to get your most pressing questions answered, and to interact with Master Class Instructors in real time.

Thomas Hoffmann, *Partner*, FOLEY & LARDNER LLP
Darin Lowder, *Partner*, FOLEY & LARDNER LLP

5:05-5:10 **Closing Remarks**

5:10 *Master Class Adjourns*

5:10-6:10 *Virtual Networking*