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M&A for Renewable Power Projects

October 20 - 21, 2021 | Digital Access

Wednesday, October 20, 2021

8:45-8:50 PDT **Introduction and Opening Remarks**

8:50-9:35 **Session 1: The 2021 Renewable Energy M&A Market: Deal Flow, Valuations, Capital Sources & New Developments**

The current M&A environment presents meaningful new opportunities and questions with the COVID-19 pandemic and the new administration. This session will provide an update on the current renewables M&A market, including the various players, current deal issues and key value drivers, and where things are expected to go from here.

- Review of M&A activity and valuations
- Capital sources
- Lessons learned from COVID-19
- Outlook for 2022

Mike Didriksen, *Partner*, BAKER BOTTS L.L.P.

James Schaefer, *Senior Managing Director*, GUGGENHEIM

Travis Wofford, *Partner*, BAKER BOTTS L.L.P.

9:35-9:50 *Live Q&A*

9:50-10:00 *Break*

10:00-10:50 **Session 2: A Deep Dive Into Valuations**

From football fields to cost of capital, valuation methodologies, assumptions and inputs are both art and science. Deal practitioners must know the valuation process and individual drivers, which can change depending on the industry, the asset and the year. At the same time, ESG factors and sustainability have proven valuation cannot be known only through discounted cashflows. In this session we will explore how valuation is measured and how to use that knowledge in the deal process.

- Commonly used valuation methods
- Value drivers, cost of capital, and multiples
- ESG considerations in valuation
- Optimizing the sales process to maximize purchase price

Jonathan Bobinger, *Partner*, BAKER BOTTS L.L.P.

Jarett Edwards, *Managing Director*, BARCLAYS

10:50-11:05 *Live Q&A*

11:05-11:15 *Break*

11:15-12:10 **Session 3: Anatomy of a Deal: Optimizing Value with Deal Structures**

Significant value is allocated when choosing deal structure, and key factors may change at different stages of the project lifecycle. While the definitive document lays out the bare bones of the agreement, a deep understanding of key provisions and counter-party expectations are necessary in order to position a deal for success.

- Key factors to choose the optimal deal structure
- Structural considerations at different stages of development
- Tax considerations at the federal, state and local level
- The acquisition agreement
- Setting expectations between signing and closing
- Post-closing integration, transition services and ongoing obligations

Michael P. Bresson, *Partner*, BAKER BOTTS L.L.P.

Martin Doublesin, *Assistant General Counsel*, CENTAURUS – AGC

Natasha Khan, *Partner*, BAKER BOTTS L.L.P.

12:10-12:50 *Lunch*

12:50-1:30 **Session 4: Preparing for Success: Engagement Letters, NDAs, LOIs And Term Sheets Done Right**

While early-stage agreements are often overlooked, they have meaningful impacts on negotiations and value allocation. From the financial advisor's fee tail, the NDA that creates a commercial advantage, and the deal process tools to create competitive pressure among bidders, the framework created by early-stage agreements can unlock (or trap) real value for both sellers and buyers.

- Engagement Letters for financial and legal advisors
- Nondisclosure Agreements
- Letters of Intent
- Term Sheets

Martin Doublesin, *Assistant General Counsel*, CENTAURUS – AGC

Natasha Khan, *Partner*, BAKER BOTTS L.L.P.

1:30-1:45 *Session 3 and 4 Live Q&A/Day 1 Wrap Up*

1:45-2:45 *Virtual Networking*

8:45-9:35

Session 5: What You Need to Know About Private Equity in Renewable Project M&A

Private equity investment in renewable projects and portfolios has accelerated in recent years. Private equity deals are often complex, are subject to unique considerations that can be easy to miss and can require unique tools and approaches. This session will address the latest techniques for:

- Purchase price adjustments, earnouts and dispute resolution
- Indemnification and reps & warranties insurance
- Project Company acquisitions
- Financing Considerations
- Development Pipeline
- Investor rights in the project
- Sell-down

Jonathan Bobinger, *Partner*, BAKER BOTTS L.L.P.

Jeff Kayes, *Partner*, BAKER BOTTS L.L.P.

9:35-9:50

Live Q&A

9:50-10:00

Break

10:00-10:50

Session 6: Roundtable Discussion: Renewable M&A Participant Perspectives and Lessons Learned

This session explores the real-world experiences of parties active in today's renewable energy M&A market. A growing number of projects are rolling off tax credits as developers look for long-term owners once tax equity exits. Many long-term holders are looking to take on these assets, but what makes a project worth the price and what sale structures are most attractive? Panelists will discuss:

Panelists will discuss:

- Valuation and purchase price adjustment
- Are trends in the market changing due to the recent economic crisis?
- Drivers behind acquisition strategies
- A mock negotiation between the panelists, including a breakdown of the common sticking points and fixes
- Are U.S. renewables still attractive to outside investors?
- What are the expectations for the market moving forward?

Pete del Vecchio, *Of Counsel*, BAKER BOTTS L.L.P.

Mike Didriksen, *Partner*, BAKER BOTTS L.L.P.

Natalie Jackson, *Head of Capital Markets*, CLEARWAY ENERGY GROUP

Gary Kubik, *Director – Corporate Development*, SOUTHERN COMPANY

10:50-11:05

Live Q&A

11:05-11:15

Break

11:15-12:10

Session 7: Nothing's Ever Free: Financing and the Acquisition

Financing structures in renewable projects are as varied as energy sources. Different financing sources and structures bring a variety of challenges and opportunities for the project and the M&A deal. Parties must be attuned to the particular considerations raised by each type, and impacts they may have on the success of the project and the M&A transaction.

- Construction debt
- Back-levered debt
- Tax equity
- Development Loans
- Project-focused versus portfolio-wide financing
- Financing options among utility, commercial/industrial and residential projects
- Intercreditor issues among lenders and tax equity investors

Adam Griffin, *Partner*, BAKER BOTTS L.L.P.

Jeff Kayes, *Partner*, BAKER BOTTS L.L.P.

12:10-12:25 *Live Q&A*

12:25-1:00 *Lunch*

1:00-1:50 pm **Session 8: Know What You're Buying: Due Diligence Consideration**

Whether the renewable project involves wind, solar, storage, tidal, hydroelectric, biomass, biofuels or otherwise, there are meaningful inputs that can affect viability, performance and eventually return on investment. Buyers should focus their diligence to ensure they get the benefit of their bargain and sellers should know those points to ensure they can address concerns before the question arises. Due diligence for the acquisition of a renewable power project will focus on the following key areas:

- Focal points at different stages of the renewable project lifecycle
- Key provisions in contractual agreements, including investment/joint venture agreements, PPAs, EPC contracts, O&M agreements, feedstock agreements (if applicable), and interconnection arrangements
- Financing and bankability
- Counterparty risk and credit support
- Eligibility for tax incentives and other government subsidies
- Property and planning considerations, including real estate, regulatory and environmental concerns

Emil Barth, *Partner*, BAKER BOTTS L.L.P.

Kyle Hayes, *Special Counsel*, BAKER BOTTS L.L.P.

1:50-2:05 pm *Live Q&A*

2:05-2:20 *Break*

2:20-2:45 **Session 9: Office Hours: Putting the Puzzle Pieces Together - 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. Put all of the

pieces together with a discussion and Q&A session on how the latest deal processes and lessons learned over the last 2 days work in the real world, and how things may change moving forward.

Moderator:

Travis Wofford, *Partner*, BAKER BOTTS L.L.P.

2:45-2:50 pm **Closing Remarks by Infocast**

2:50 *Master Class Adjourns*

2:50-3:50 *Virtual Networking*