Differentiating Quality PV
Standards and Methods for Underwriting Certainty

(Industry Association perspective)

Doug Payne
Co-founder / Executive Director

Our Initiatives
Scalable

Local best practices

National impact

Our Board
Entire Value Chain

Systems Approach

Our Partners
Collaborative Consortium

Solar 3.0 Partners

Our Vision

A

Solar 1.0
Policy
Fed Policy
RES/RPS
RES/RPS
REC’s
REC’s
SB1
SB1
CSI
CSI
AB32*
AB32*

B

Solar 2.0
Products
Technology
Innovation
Maturity

Solar 3.0
Profitability
Processes
Productivity
Scale
“T.C.O.”

“Best in Class” tools
Lower Costs
Reduced Risk
Faster Projects
Better Bottom Line

Solar3.0 - A path to grid parity for 46,016,325 people

Solar 3.0
2012 Target States

What’s the role of (*.orgs) vs. standards / methods?

1:1 (Business-To-Business)

- Development
  - Sites
  - Contract
  - Partnerships
  - Structure
  - Economics

- Construction
  - Pre / Post
  - Performance
  - Commission

- Wharehouse
  - Insurance
  - Final due diligence
  - Risk / De-risk

- Capital Markets
  - Portfolio
  - Ratings
  - Cash Flow

1:Many (Scale)

- Over 7,000 banks or U.S. lending institutions
  - <1% are actively lending to Solar projects
- A “participation gap” exists
  - Methods, standards, resources, tools, guidelines, skills or the capabilities to efficiently diligence and underwrite these loans does not exist AT SCALE
- Closing the “participation gap” can result in
  - Lower cost of capital, improved terms
  - Lower prices for consumers
  - Subsidy free markets

Total US Banks vs US Banks actively lending to Solar

- ~7,000 banks
- <1% actively lending to Solar projects

Standards + Methods = Scale
What are we doing about it?

Nov 15, 2011

SolarTech and CalCEF form Working Group to Accelerate Securitization of Solar Asset Class
Increase rates of capital formation for <1MW commercial market

Dec 9, 2011

Goals
• Identify gap - quantifying risk, capital formation, liquidity, and bankability.
• Create model guidelines for key stakeholders
• Define recommended best practices for increasing liquidity in aggregate
• Propose risk reduction solutions, mechanisms,
• Reduce gaps between perceived and real project risk

• Pilot project – Partner with regional banks and supporting financial institutions to demonstrate solar as an asset class, serve local markets with local capital, create jobs

Feb 16, 2012

High level 6-12 months strategy
• Facilitate the underwriting process. Focusing on the back-end process risk reduction methods between EPCs and secondary markets

• Chart a course to 2017 ITC expiration that enables increased capital formation
  • Development → Const. → Commissioning → Warehousing → Capital markets

• Cover several scenarios over various time horizons (12-18 months, 18-24 month, 24-36 months) that might consider various framework assumptions from 2012 → 2017.