

Demonstration of Surety Managed PPA Default Cure
vs. Bank Foreclosure

Surety Bond as Financial Security for PPA - Surety Management of PPA to Cure Default					
	Planned Calculations	Actual Calculations	Surety Managed Default	Surety Transitioned Calculations	
Project Valuation	\$ 250,000,000	\$ 250,000,000		\$ 160,000,000	Valuation is a multiple of PPA guaranteed revenue
Bank Debt	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	\$ 150,000,000	Debt is maintained
Monthly Debt Service (30 years @ 5%)	\$ 805,232	\$ 805,232	\$ 805,232	\$ 805,232	
Equity					
60% Parent	\$ 60,000,000	\$ 60,000,000		\$ 6,000,000	
40% Stockholders – Investors - YieldCo	\$ 40,000,000	\$ 40,000,000		\$ 4,000,000	
Investor Equity	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 10,000,000	Equity is asset value minus debt
PPA Minimum Requirements - 100MW for 6 hours a day - 30 days a month					The PPA terms do not change
PPA price per kWh	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	
kWh multiplier for Mwh	1,000	1,000	1,000	1,000	
PPA price per Mwh	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	
Hours per day	6	6	6	6	
Days per month	30	30	30	30	
Total hours per month	180	180	180	180	
Total hours per month					
Total hours per month	180	180	180	180	
MW's Delivered each month	100	100	100	100	
Total Mw hours	18,000	18,000	18,000	18,000	
Total Mw hours	18,000	18,000	18,000	18,000	
Price per Mwh	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	
Total Minimum Revenue - 100MW for 6 hours a day - 30 days a month	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	The asset will generate guaranteed revenue in the future as it has in the past
Excess Energy up to Maximum (Plug \$500K)	\$ 500,000	\$ -	\$ -	\$ -	
Total Monthly Revenue	\$ 3,200,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	
Debt Service per month	805,232	805,232	805,232	805,232	Debt Service is maintained
Cash Flow to project	2,394,768	1,894,768	1,894,768	1,894,768	The asset will generate cash flow revenue in the future as it has in the past
O&M Expense (Plug \$100k)	100,000	100,000	100,000	100,000	The O&M will be assumed by the surety as it manages default
Cash Flow to YieldCo	2,294,768	1,794,768		1,794,768	
Cash flow to Creditor Pool			1,794,768		The excess funds go to creditor pool until transition is complete
Letter of Credit as Financial Security for PPA - Bank Foreclosure on Drawn Funds as Bank Debt					
	Planned Calculations	Actual Calculations	Bank Foreclosure	Post Foreclosure Calculations	
Project Valuation	250,000,000	250,000,000	?	?	Without the PPA there is no multiplier on revenue
Bank Debt	150,000,000	150,000,000	?	?	Bank debt will be handled through foreclosure
Equity					
60% Parent	60,000,000	60,000,000	?	?	
40% Stockholders – Investors - YieldCo	40,000,000	40,000,000	?	?	
Investor Equity	100,000,000	100,000,000	0	0	Foreclosure will likely not preserve asset value beyond creditor allocations
PPA Minimum Requirements - 100MW for 6 hours a day - 30 days a month					The default on the PPA could cause it to be cancelled
Total Minimum Revenue - 100MW for 6 hours a day - 30 days a month	\$ 2,700,000	\$ 2,700,000			No PPA - No guaranteed Revenue - No multiplier for asset valuation
Excess Energy up to Maximum (Plug \$500K)	\$ 500,000	\$ -	\$ -	\$ -	
Total Monthly Revenue	\$ 3,200,000	\$ 2,700,000	\$ -	\$ -	
Debt Service per month	\$ 805,232	\$ 805,232			
Cash Flow to project	\$ 2,394,768	\$ 1,894,768			
Debt Service per month	805,232	805,232	805,232	805,232	
Cash Flow to project	1,589,535	1,089,535	(805,232)	(805,232)	
O&M Expense	100,000	100,000	100,000	100,000	The O&M expense would likely be part of foreclosure proceedings
Cash Flow to YieldCo	1,489,535	989,535		(905,232)	
Cash flow to Creditor Pool			(905,232)		