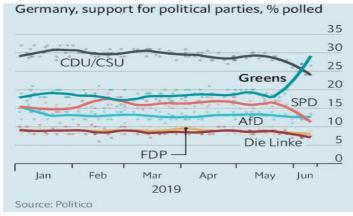


Bankability of PPA

Hamburg | January 2021 www.remcapital.de

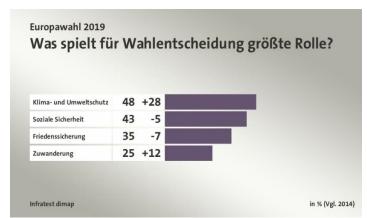
The world goes "green"







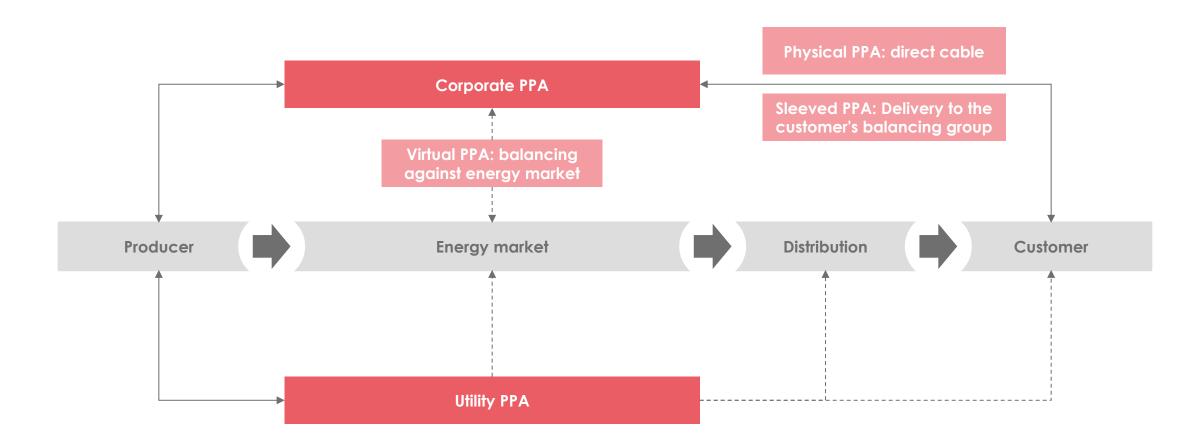








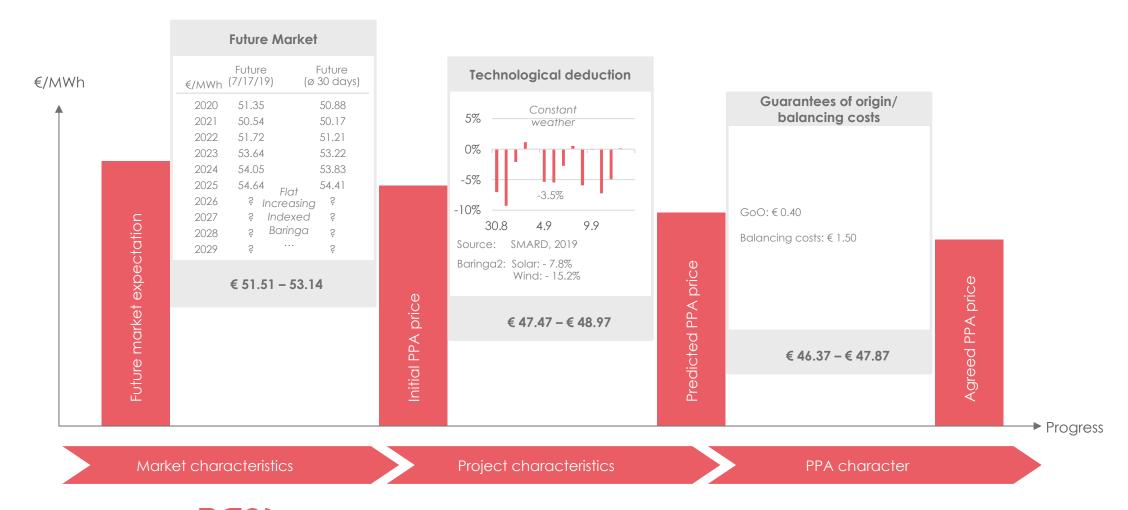
PPA types





Example: Germany, solar, 10 years, basic assumption

The devil is in the details





Different interests of the various PPA project stakeholders

Developer / Producer

Investor

- Maximizing the development margin
- Construction financing on attractive terms
- Limited investment of own capital
- High income from project sales
- Predictable production scenarios with limited commitments to the customer

- Hedging against volatility and oil price
- Presentation to the public (CO2 footprint)
- Security of supply (e.g. guarantees)
- Price competition and guarantees of origin
- High transparency and simple cost planning





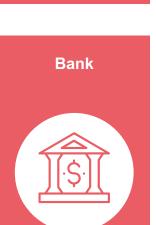
- Limited market risk
- Investment strategy for renewable energies
- Minimum cost of capital
- · High debt vs. equity financing
- Presentation to the public (CO2 footprint)



- Predictable cash flows of the projects
- Minimal customer risk

PPA

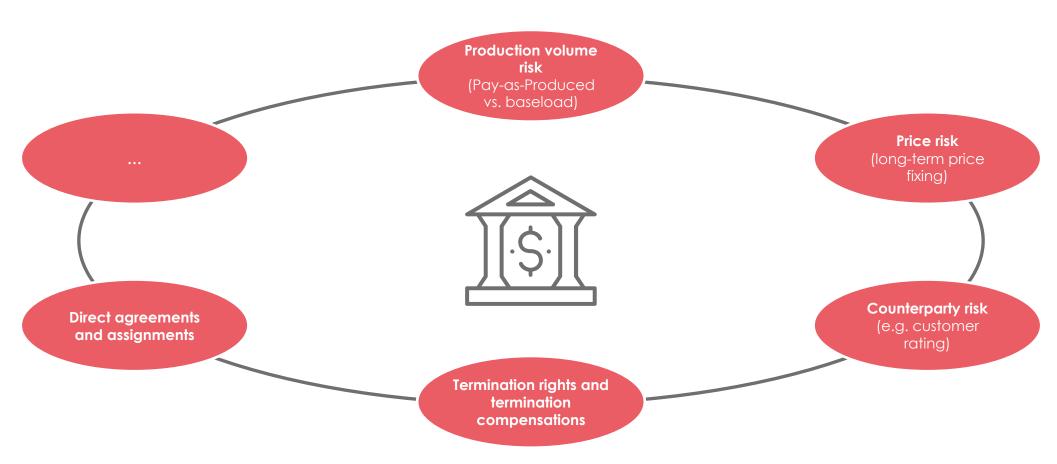
- Lower financing risk in contrast to market price assumptions
- Stable holistic project approach with low risk of failure for all parties involved





Selected PPA topics from a financing perspective

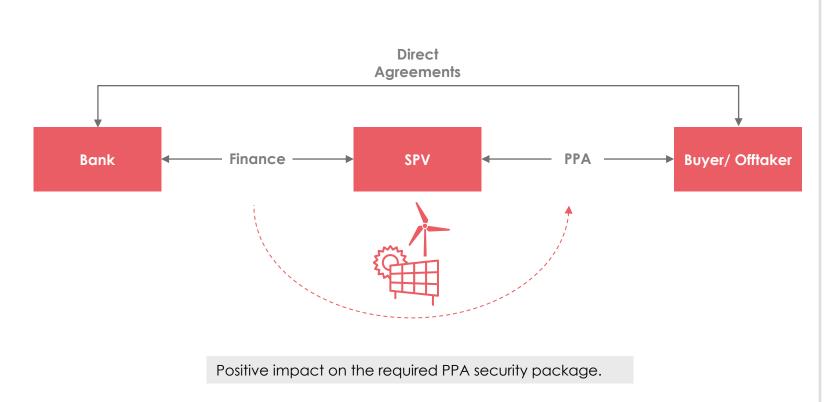
Worst case for the bank is the termination of the PPA





Step in rights

It is of utmost importance for banks to keep the PPA alive



Selected contract contents

Prices

Pricing

Guarantees of origin (GoOs)

Balance sheet costs

Servicing costs

Acceptance structure

Amount of energy consumed

Concept

Settlement period

Availability guarantee

Amount guaranteed availability

Reference energy production p.a./p.m.

Calculation method of missing energy

production

Compensation payments

Information requirements

Planning

O&M

Warranty

Regulation

With negative electricity prices

With positive electricity prices

Termination rights

Ordinary and extraordinary

Collateral

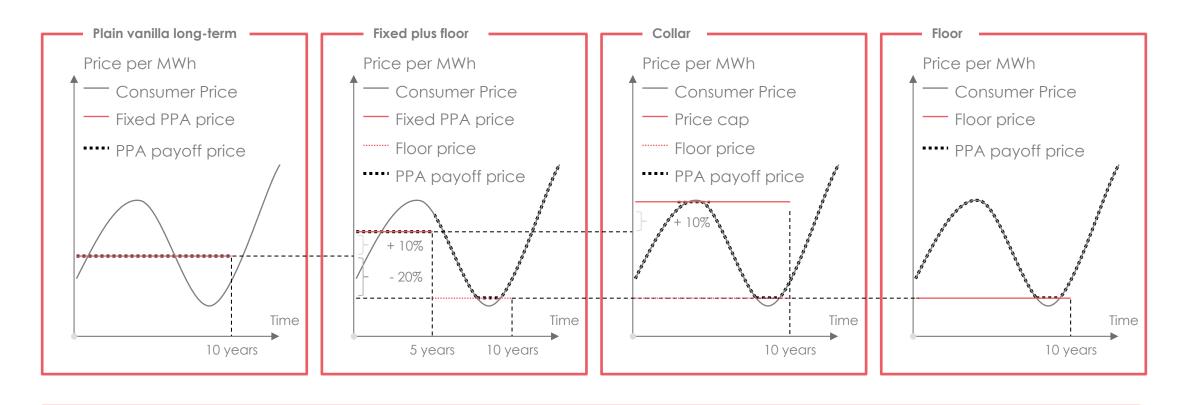
Collateral on the project



Rating of the offtake

Hedging strategies through PPAs

Equity and debt investors often demand opposing structures



Attractiveness for debt capital

Attractiveness for equity



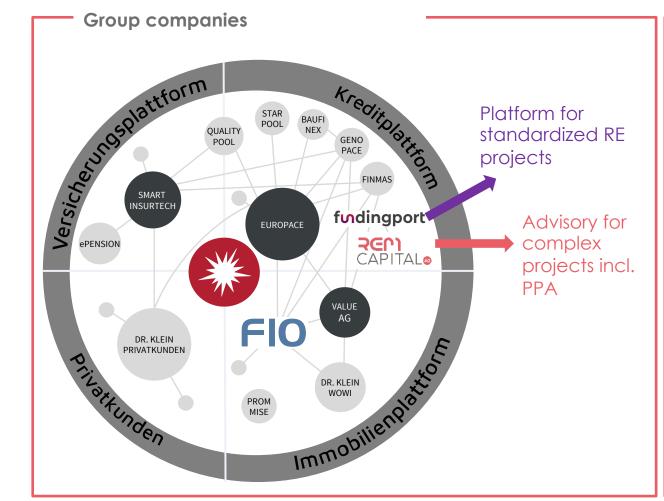
Summary: Bankability

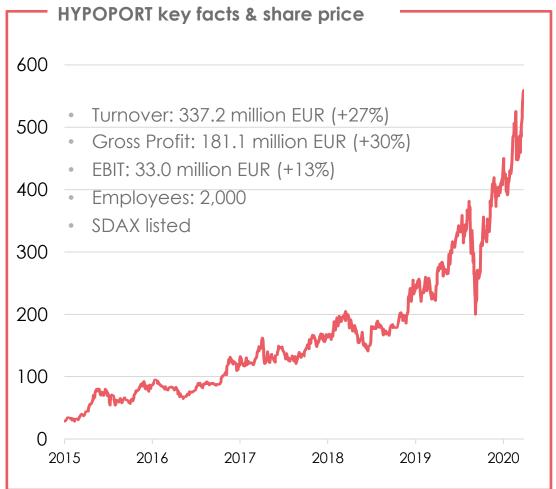
Case-by-case decision depends on PPA parameters

- PPA commitment possible for a long time (> 10 years)
- PPA counterparty with investment-grade rating and as low as possible economic dependency on economic cycles
- The contract must be "bankable" from a technical and legal point of view (technical and legal DD necessary)
- Analysis of the profile risk for baseload PPAs
- At least 40-50% of sales during the financing period must be secured via the PPA



HYPOPORT Group







Contact





Nils Driemeyer

n.driemeyer@remcapital.de
+49 (0) 151 580 45 577

Millerntorplatz 1
20359 Hamburg

www.remcapital.de

fundingport



Maria Starke
maria.starke@fundingport.com
+49 (0) 173 59 26 958
Millerntorplatz 1
20359 Hamburg
www.fundingport.com

