



Clean Energy Investing in Opportunity Zones

*Multi-Stakeholder
Benefits*

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Multi-Stakeholder Benefits: Win –...



- **Community:**
 - Energy resilience
 - Low cost
 - Clean air & water
 - Does not promote gentrification
 - Low visual impact

Win – Win –...



- **Investor:**

- Up to 15% basis adjustment
- Delay capital gains liability: 8 yrs
- No tax on underlying investment capital gains after 10yr hold
- Annuity benefits
- Can be combined with ITC investment to increase post-tax IRR

Win – Win – Win



- **Clean Energy Entrepreneur:**
 - project equity or corporate equity
 - Lower cost of capital
 - Potentially better investment terms

A Solar Opportunity



Sample Project Details:

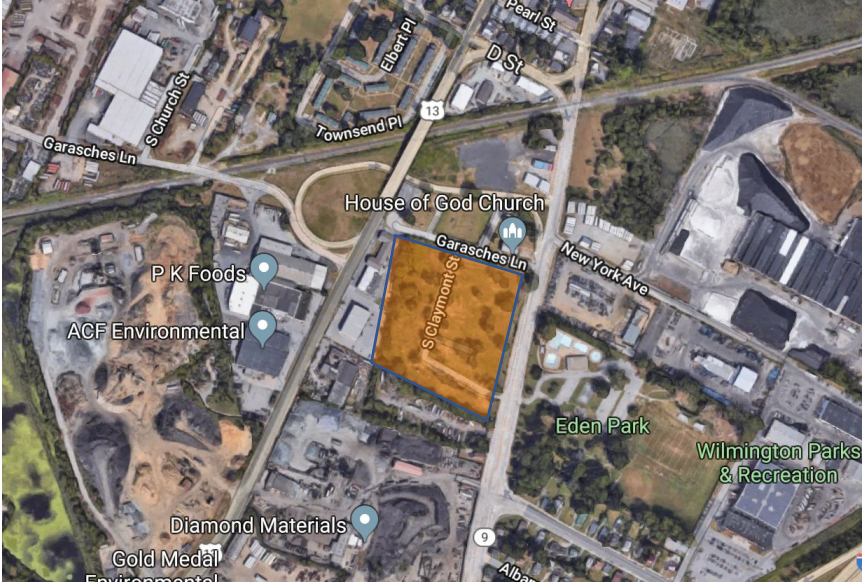
- 500kW, ground-mounted
- 100% in Opportunity Zone
- Delaware location
- Site control, PPA (w/ local housing authority) & interconnection

A Solar Opportunity (www.MyOZFund.org)



- DE entity formed (“QOF”)
- IRS filing for QOF self-certification
- No Foreign Qualification required
- Standard Contracts:
 - Investor <-> QOF
 - QOF <-> Solar SPV

A Solar Opportunity



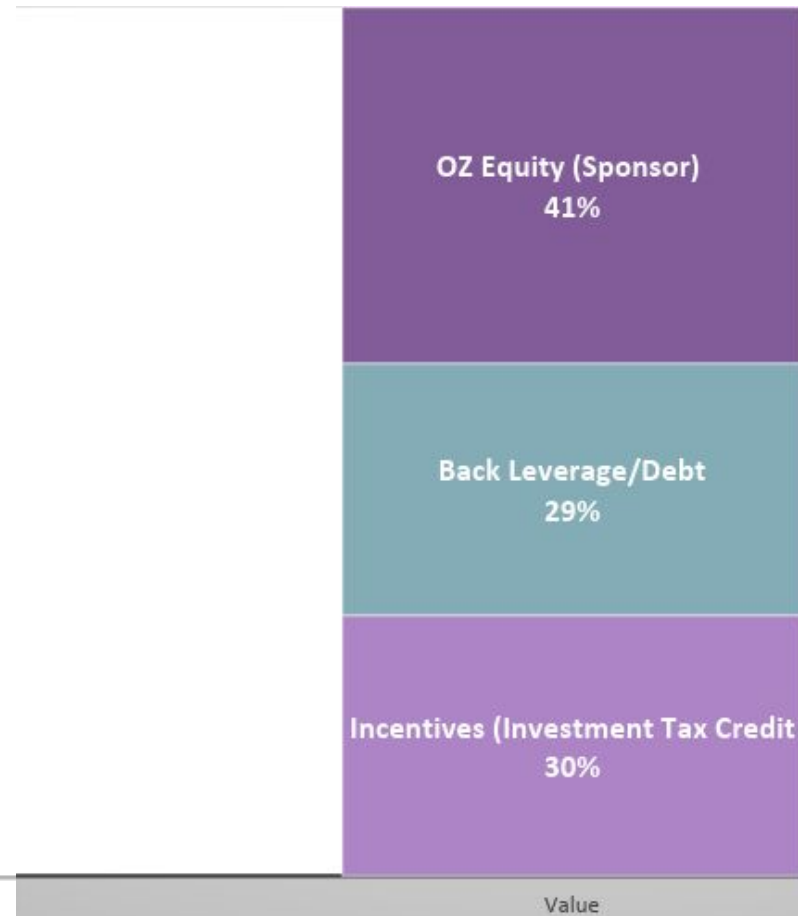
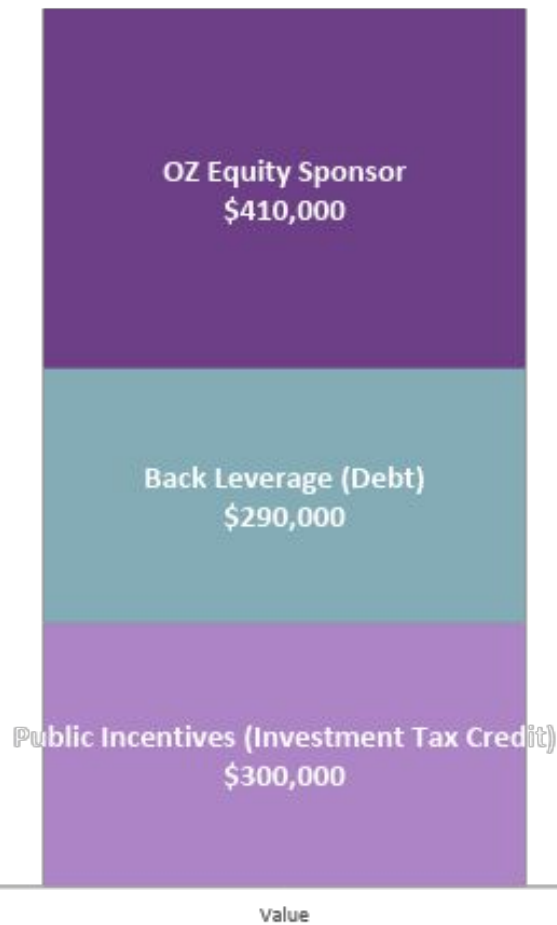
Structure and Financial Details



Total Capital Expense: \$1MM

- 30%: Investor Tax Credit (“ITC”) \$300k
- 29%: Debt (back leverage): \$290k
- 41%: OZ/Sponsor Equity: \$410k

\$1M Clean Energy Capital Stack



Structure and Financial Details



NON-QOF IRR FOR SPONSOR EQUITY (Thousands)

Year	0	1	2	3	4	5	6	7	8	9	10
Sponsor Equity Investment	-410										
Dividend		20	20	20	20	20	20	20	200	200	200
Sale Price											300
Pre-tax total	-410	20	20	20	20	20	20	20	200	200	500
Tax		-4	-4	-4	-4	-4	-4	-4	-4	-4	-105
After Tax Total	-410	16	16	16	16	16	16	16	158	158	395

IRR w/out QOF Benefit: 8.6%

ADDITIONAL IRR BENEFIT FROM QOF

Capital Gains Tax Savings	82											
Capital Gains Tax												
Tax Reduction on Tax on Gain on Sale												
Total Benefit	82	0	0	0	0	0	0	-70	0	0	63	
NPV of Benefit	71											
QOF After-Tax Total	-328	16	16	16	16	16	16	16	-54	158	158	458

IRR with QOF Benefit: 11.2%

~30% post-tax IRR improvement, due to OZ addition

Game On / What YOU can do



- Projects Now & Capital Looking
 - DE: 500kW
 - WI: 1MW
 - TX: 200MW
 - AZ: 110MW
- Permitting & Interconnect
- Bonus Perks: job training, new job
- Conform State + Federal Tax Law