OFATE – DFBEW
Financing renewables energy projects
We focus on renewables, working with people and in markets we believe in. We will get your deal done

A specialised financial advisory firm launched in 2010
- Proven track record in renewable energy
- Multi-disciplinary skillset, including project & corporate finance, M&A, tendering, contracting, and legal expertise

An ambition to provide high quality, specialised advice
- We only work on projects where we can actually add value
- We build long-term relationships with our clients
- We foster a shared approach to transactions and risks

Green Giraffe follows a simple strategy
- Provide a holistic approach, coupling sector-specific tasks and traditional debt or M&A advisory services
- We continue to outperform the competition in Europe whilst growing in developing markets on other continents
- We are committed to the industry, we believe in the countries we are active in and we have the skillset it takes to get deals done
Green Giraffe has been involved in more than 100 GW of renewable energy projects globally.

Green Giraffe office
Countries in which Green Giraffe has been active

Capacity shown corresponds to renewable energy projects we have worked on, as of Q2 2021.
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Targets for the implementation of renewable energies in France

A new regulation of nuclear electricity to **replace the ARENH**

Parliamentary discussions will start in 2023 to revise the PPE

**>170 GW** total capacity by 2050

**x2 in RES production** by 2050

**Foster renewables to reach carbon neutrality in line with the RTE N03 scenario**

- Solar: growth to **100 GW** by 2050 with the promotion of new forms of solar development including commercial rooftop solar and agri-PV
- Onshore Wind: low ambition of **37 GW** by 2050 with a greater power to local officials to limit the development
- Offshore Wind: growth to **40 GW** by 2050 with the ambition to build 50 offshore wind farms

**An ambition to develop hydrogen**

- EUR 7 billion investment plan in low-carbon hydrogen
- EUR 114 million investment in McPhy’s Gigafactory

**Combined with nuclear energy**

- Build 6 EPR2s with commissioning starting in 2035
- Launch studies for 8 additional reactors
1. THE ACCELERATION OF THE ENERGY TRANSITION

Targets for the implementation of renewable energies in Germany

The government intends to bring forward the removal of the support charge subsidies for renewables

Shut down of the last nuclear power plants by 2022 and coal will be phased out by 2038

>300 GW total capacity by 2030

x2 in RES production by 2030

The German government is aiming for an 80% share of renewable energy in gross electricity consumption by 2030

• Solar: growth to 200 GW by 2030 with a mandatory solar installation for new commercial buildings

• Onshore Wind: no target values set for onshore wind turbines, but would be between 100 and 130 GW of installed capacity in 2030

• Offshore Wind: growth to 30 GW by 2030 based on new support schemes under discussion including a two-sided CfD for pre-developed sites

• Increased modernization of electricity networks according to the coalition contract

• 50% target share of renewable energy in the heating sector by 2030

An ambition to develop hydrogen

• 10 GW of electrolysers will be planned by 2030
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Developers' profiles are most competitive during the early to late stages of development

Utilities & oil majors
- They are less dependent on financing and costs and can handle some variations in supply prices with the framework agreements they have with their suppliers

Developers
- Market consolidation of the developer market has increased the share of big players
- Small developers remain extremely sensitive to variations in financial and macro-ecological conditions and should be supported through policy and regulatory frameworks
2. OVERVIEW OF THE STAKEHOLDERS AND THEIR COMPETITIVENESS

Financiers can also be competitive during the mid-late development stage

The largest commercial banks are active in the market, supported by their regional arms for smaller projects
- BNPP, SocGen, LBP, Natixis (with Energeco), CACIB (Auxifip), Deutsche Bank, SaarLB, Nord LB...

Institutional investors are increasingly present in the secondary market (primary and secondary syndication)

Public financial institutions are also active despite specific restrictions
- BPI: not supposed to be market maker but very active. By far the largest lender to renewables in France
- Some geographical / national restrictions (ECA linked to exports, KfW only act in Germany)
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Debt funding is available but heavily depends on the structure of the project

There is more funding available than there are bankable deals

- Fewer deals than banks expected, leading to frustration and pent-up demand
- Increased capacity doesn’t mean lower standards and weak projects won’t be financed
- Excellent liquidity for good projects

No volume but potential price risk

- Requirement for long-term PPAs in jurisdictions with market mechanisms - with floor or fixed price
- PPA must include full offtake (with no compensation for lower or higher volumes)
- Price beyond regulated period (cf. Germany) may be subject to merchant hypotheses - but with cash sweeps

Increased diversity of structures

- Multiple post-construction ref financings, including refinancings done pre-COD with completion guarantees
- Construction risk capacity available in all jurisdictions

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The lending profiles and associated market risk depend on the selected lender

**Commercial lenders**

- **Illustrative debt sizing CFADS - commercial lenders**

**Institutional lenders**

- **Illustrative debt sizing CFADS - institutional lenders**

**Commercial banks are willing to take some market risk through post-contract tails**
- 3-year negative tail based on revenues post-FiT
- Cash sweeps mitigating merchant exposure or rendezvous clause to discuss acceptable offtake arrangements

**Debt funds are increasingly present, and willing to finance market debt**
- 7-year negative tail based on revenues post-FiT
- Fully amortising repayment profile – i.e., absence of merchant risk-related cash sweeps
Increasing certainty and reducing risk in a context of volatility and rising market price are key

Long-term stability and certainty are among the most important factors
- To facilitate capital investment in clean energy projects, long-term stability, certainty and visibility are among the most important factors
- But uncertainty of revenue and cost flows is increasing and compounded by the impact of price cannibalisation and rising supply prices

Agreements between producers and consumers are key
- Governments play a leading role in facilitating private sector investment by reducing risk and creating certainty but the rise in interest rates and supply prices is straining the business plans of projects that have secured their tariffs
- Pending the increase of the tariff for tenders, public support mechanisms become less attractive
- Corporate PPA represent a good opportunity in a context of rising electricity prices

### Corporate renewable PPAs Economic rationale
- Developer can secure cash flows and ensure project leverage, provided off taker has sufficient credit rating
- Important hedge against market electricity price developments

### Corporate renewable PPAs Environmental rationale
- Credit worthy companies are willing and capable to execute a long term CPPA (GAFA, telecoms, power intensive major chemical…)
- Lenders’ appetite for CPPA backed lending
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