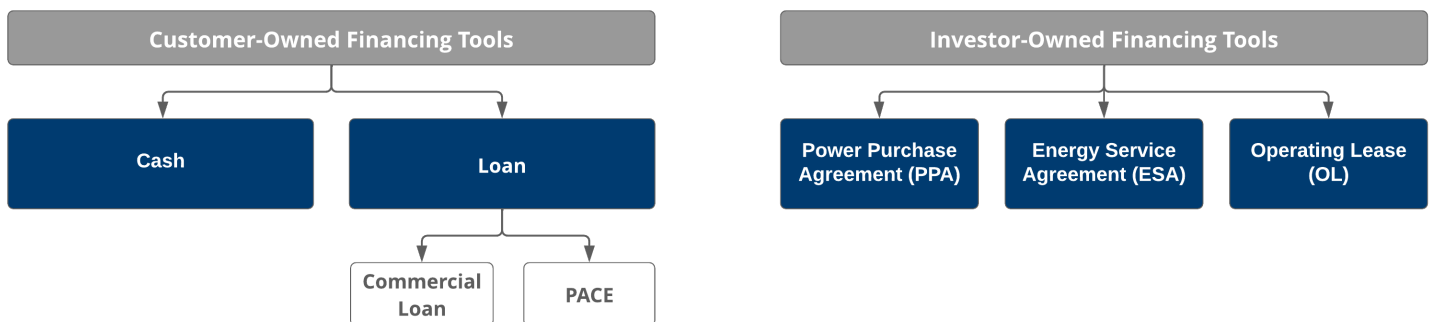


Solar Financing Decision Aid

Helping customers understand the benefits of available financing options

Whether your organization chooses to purchase its system or pursue an investor-owned arrangement, several financing tools exist to help you optimize your solar investment.

Here we provide an overview and discussion of common financing options for commercial solar systems, based on ownership preference:



Customer-Owned Financing Options

If your company decides to own its system directly, it can use available capital, secure a loan, or opt for a combination of the two. In any case, as owner of the system, your business will receive full benefit of the federal Investment Tax Credit (ITC) for solar, as well as any local financial incentives. Energy cost savings immediately begin providing a return on investment.

- **Cash.** Customer pays cash for the system. Systems that are fully funded by available capital maximize the system's return on investment potential.
- **Loan.** Customer borrows a portion, or all, of the required capital. In addition to a standard/traditional business loan, some projects may be eligible for PACE (Property Assessed Clean Energy) financing, a unique loan arrangement where capital to build the system is secured from the local municipality via a property tax lien. With PACE, the loan and repayment obligation stay with the building, not the system owner. If your project is eligible for PACE financing, SunPeak can assist with program details and coordination.

Investor-Owned Financing Options

For organizations considering an investor-owned solar system, several financing models are available. Tools including **Power Purchase Agreements (PPA)**, **Energy Service Agreements (ESA)**, and **Operating Leases (OL)** allow solar customers to enjoy immediate energy cost savings with little or no upfront capital investment. In each scenario, the system is financed and owned by a third-party investor who can monetize tax benefits. Realizing these tax benefits allows the investor to offer the energy offtaker (your business) cheaper electrical rates. Oftentimes, an investor-owned system will allow the offtaker to purchase the system outright either during or at the conclusion of the financing term.



Above: One of SunPeak's Fortune 500 customers chose to adopt solar using a Power Purchase Agreement (PPA). The system was installed at no cost to the customer. The customer simply buys electricity produced from the system over a 20-year term. This customer realized an immediate reduction in its electric bill with no need for out-of-pocket investment.

Benefit Comparison: Solar Financing Options

The following table provides a general overview of the benefits of each type of financing structure.

Benefit	Customer-Owned		Investor-Owned
	Cash	Loan	PPA/ESA/OL *
Lowest financing cost	•		
Direct ownership	•	•	
Direct ownership with enhanced cash flow		•	
Direct tax benefits (federal Investment Tax Credit + Depreciation)	•	•	
Reduced upfront cash need		•	•
Lowest system cost for non-profit			•
Immediate savings (cash flow positive immediately)			•
Optional future buyout available at a significant discount			•
Indirect tax benefits (customer realizes savings via favorable rates)			•
SRECS, rebates and local incentives benefit project economics	•	•	•
Enhanced company image	•	•	•
Lower carbon footprint	•	•	•
Reduced energy expense	•	•	•
Protection from utility price volatility	•	•	•
Greater utility independence	•	•	•

* Typical investor-owned financing models include Power Purchase Agreements (PPA), Energy Service Agreements (ESA), and Operating Leases (OL). The specific financing tool will be selected based on project size, location, and customer term preferences.

Key Questions

Your organization may find the following set of questions helpful as you consider which financing model makes the most sense for your project.

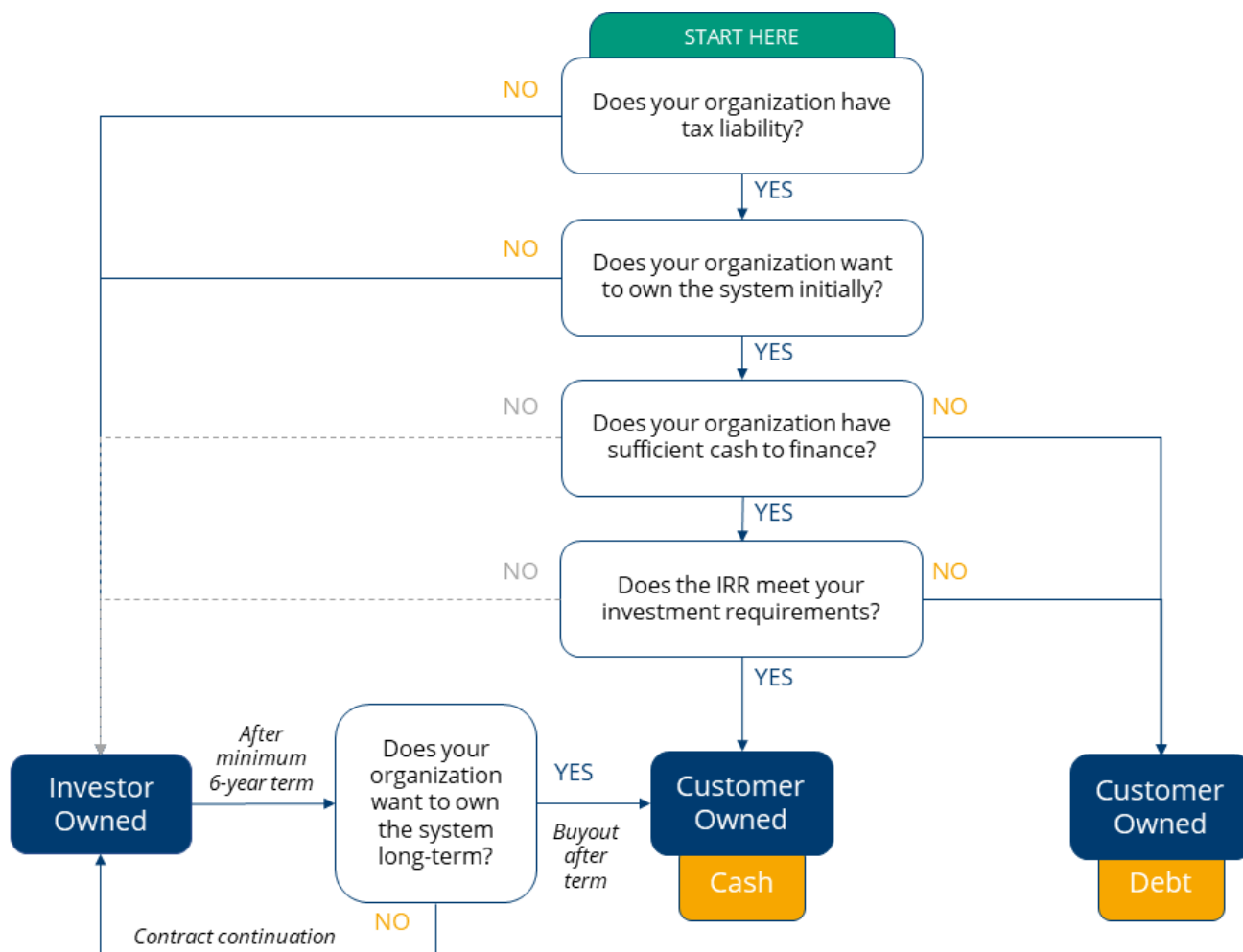


Diagram Notes:

- Orange vs. grey NO:
 - An orange “NO” satisfies all previous questions.
 - A grey “NO” shows an alternate way to satisfy all previous questions except “Does your organization want to own the system initially?” A grey “NO” simply provides a second option if your organization needs to resolve capital constraints and/or improve its IRR (Internal Rate of Return).
- The above diagram provides a basic overview of typical solar financing considerations. SunPeak can provide a more comprehensive analysis based on specific project factors and financial goals.

Ready to take a closer look at financing options for your project?

SunPeak’s project development team is here to answer your project finance questions and help you find the right financing tool for your project. If desired, SunPeak will arrange investor-owned financing for your project as an included service.

