50th Annual Wichita Property Tax Conference

Valuation Considerations for Renewable Energy

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50th Anniversary

WICHITA PROPERTY TAX CONFERENCE
VALUATION & ASSESSMENT TOPICS FOR COMPLEX INDUSTRIES

Agenda

Renewable Energy Incentives

- Part I: Understanding the Tax Benefits
- Part II: Understanding the Eligibility Requirements
- Part III: Understanding Tax Equity Investors
- Part IV: Understanding the Tax Equity Structures

Renewable Energy Sample Valuation

Case Study: New York's Approach for Wind & Solar Projects

Understand Renewable Energy Tax Credits, Incentives and Tax Equity Financing

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Part I- Understanding The Tax Benefits

Tax Benefit Primary US Renewable Energy Policy

- US Federal Government primarily promotes clean energy through tax credits and other tax benefits.
- Owners of solar facility and certain other renewable energy facilities (e.g., geothermal, fuel cells and CHP) currently get a 26% investment tax credit (ITC).
  - Eligible solar project costs $10 million earns $2.6 million investment tax credit
  - Investment tax credit available in the first year the project is operational
  - Investment tax credit can be carried forward 20-years
- Owners of the facility receive accelerated depreciation.
  - Solar assets are eligible to be fully depreciated over 5 years
  - For a limited time special rules allow the full cost to be depreciated in first year

Tax Benefit Primary US Renewable Energy Policy

- The production tax credit (PTC) provides approximately tax credit of 1¢–2¢ per kilowatt-hour for the first 10 years of electricity generation for eligible project.
- While the PTC is often closely associated with wind projects, the same relief applies to biomass, geothermal, landfill gas, waste to energy, incremental hydroelectric and hydrokinetic projects
- Facilities that begin construction in 2020 and 2021 are eligible for PTCs at a 60% rate. The credit expires after 2021.
- Owners receives accelerated depreciation
  - Assets are eligible to be fully depreciated over 5 years
  - For a limited time special rules allow the full cost to be depreciated in first year

Tax Benefit Primary US Renewable Energy Policy

- As part of legislative changes passed at the end of 2020, offshore wind projects that began construction after 2016 through the end of 2025 will now qualify for a 30 percent ITC.
- Consistent with the PTC phaseout, offshore wind projects will not have the option to claim PTCs, instead of an ITC, on projects that start construction after 2021.
- IRS Notice 2021-05, released in January, also allows offshore wind projects a continuous construction safe harbor period of 10 years to complete the projects.

How Tax Credits Reduce Tax Liability

- Tax Credits reduce the amount of taxes owed dollar for dollar
- Example:
  - A Company has $1 million in yearly revenue that is taxed at 21% rate.
  - Without tax credit Company would owe $210,000 in taxes.
  - Company owns solar facility that began operation in that year with $500,000 in eligible costs and is eligible to claim a 30% tax credit of $150,000 ($500,000 x 30%).
  - The tax credit would reduce the Company's tax liability to $60,000 ($210,000- $150,000).

How Depreciation Reduces Tax Liability

- Unlike tax credits, which directly reduce the amount of taxes owned, depreciation only provides a reduction to taxable income.
- Accordingly, the value of deprecation benefits is tied to the applicable tax rate.
- Example:
  - Taxpayer has taxable income of $ 1,000,000 and available depreciation benefits of $100,000.
  - At a 21% corporate tax rate, without the depreciation taxpayer would owe tax of $210,000 ($1,000,000 x 21%).
  - The depreciation benefits reduce taxable income to $900,000, so the taxpayer instead owes $189,000 ($900,000 x 21%).
  - The value of the deprecation to the taxpayer is $21,000 ($100,000 x 21%).

General Depreciation Benefits

- US solar assets are eligible to claim asset depreciation on an accelerated schedule.
- The rules allow a cost deduction of…
  - 20% in Year 1
  - 32% in Year 2
  - 19.2% in Year 3
  - 11.52% in Years 4 & 5
  - 5.76% in Year 6.
- When claiming an investment tax credit, the amount of cost eligible for deprecation must reduced by half of the tax credit (or 15% of the total).

Bonus Depreciation Benefits

- For a limited time projects qualify for 100% expensing, allowing the entire cost to be deducted in the first year of operation.
- Bonus depreciation benefit starts to decline for newly acquired assets in 2023 (80%) and drops 20% per year until eliminated in 2027.
- An election exists to opt out of bonus depreciation.
- Many transactions select not to claim bonus depreciation because it can complicate certain aspects of financing (discussed further in later slides).
- 100% expensing is not what is used for financial statement purposes (GAAP or IFRS).

Solar Tax Benefit Example

- Example: project costs $1,000,000
- Investment tax credit is $260,000
- Tax basis is $1,000,000 less 50% of tax credit (or $130,000), so $870,000
- Bonus depreciation tax benefit is $870,000 multiplied by federal corporate tax rate of 21% which is $182,700
- Total federal tax benefit in the first year is $260,000 + $182,700 = $442,700
- *Federal government tax subsidy for solar is 44.27%*

Wind Farm Repowering

- Owners of wind energy facilities have the opportunity to repower wind farms that are past or approaching the end of their 10-year PTC period.
- Repowering involves replacing components of wind turbine generators with new technology resulting in increased output and efficiencies.
- Facilities are considered placed in service anew, restarting the 10-year PTC period if the cost of the new property is 80% or more of the sum of the cost of the new property and the fair market value of the used property.

Background on 80/20 Repowering Rule

- Taxpayers must compare cost of new property to the sum of the cost of the new property and the value of used property to remain at the facility.
- Issued in December 2016, IRS Notice 2017-04 clarified that for purposed of repowering and the 80/20 rule, the cost of new property includes all costs properly included in the depreciable basis of the new property.
- Each wind turbine generator with its tower and supporting pad is a separate qualified facility for purposes of IRC section 45 (d)(1), based on IRS guidance including Rev. Rul. 94-31.

Other Applicable Incentives

- Renewable Energy Credits ("RECs")- credits provided by states that are based on production of renewable energy. Can be traded or sold to be used to offset use of "dirty power" or to meet certain ESG goals. The value of RECS can vary significantly by state.
- Low Carbon Fuel Standard Credits ("LCFS")- cash incentive for the production of low carbon fuels available in California and Oregon, and under consideration in other states.
- State Grants, Tax Credits, Rebates and Incentives- many states offer certain grants, tax credit , rebates or other incentives to spur renewable energy development.

Part II- Understanding The Eligibility Requirements

Tax Credit Eligibility- Asset Requirements

- In commercial solar projects about 85% to 95% of total cost are typically tax credit eligible.
- To qualify for an Investment Tax Credit, solar assets must be:
  - Solar energy generation assets up to (but not including) energy transmission
  - Personal Property- cannot be real estate or buildings
  - New assets- cannot be previously used property
  - Operating in the United States
  - Must commence initial operation in the year claiming the tax credit

Tax Credit Eligibility- Owner Requirements

- To qualify for an Investment Tax Credit owner must be:
  - The owner of the property (tax credits cannot be sold)
  - A US Person (US Corporation or individual)
  - A taxable entity (tax exempt entities do not qualify)
  - A non-government entity
- Additional Requirement:
  - Projects cannot be leased to foreign or tax-exempt entities.

Tax Credit Eligibility- Vesting and Recapture

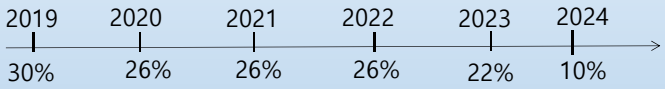
- Tax Credit received in the first year of operation vest over 5 years.
- If the investor that claims the tax credit sells or disposes of its interest, it must return a portion of the credit back to the government.
- The credit vests at 20% per year on the anniversary of the commercial operation date.

Example:

- Invest claims a tax credit of $100 on a system that begins operation on 1/1/19.
- If it sells its interest before 1/1/20, 100% of the credit is lost, after 1/1/20 but before 1/1/21, 80% is lost, etc.
- On a sale after 1/1/24 no tax credit is lost.

Tax Credit Declining From 30% to 10%

- The available tax credit decreases in accordance with the following schedule based on the project's start of construction:



- Start of construction requires meeting certain technical requirements.
- To qualify for more than a 10%, a project must commence operation by the end of 2025, regardless of its start of construction date.

Tax Credit for Batteries Charged by Solar

- Batteries charged more than 75% by solar qualify for the same investment tax credit as solar.
- Opportunities for investment in retrofitting existing systems.
- Solar and battery systems must have the same owner for the battery to qualify for the investment tax credit.

Production Tax Credit Requirements

- Energy must be sold to a third party (no related party sales).
- Credit reduced by tax exempt and subsidized financing.
- Taxpayer claiming the credit must be both owner and operator (a lessee operator would be ineligible).
- No recapture because the credit is received over time based on actual production.
- For a limited time, special rules allow PTC eligible property to elect to claim the ITC but rarely used.

Part III- Understanding Tax Equity Investors

Tax Equity Investor Pool Limited

- Tax credits and depreciation can only be used efficiently by profitable banks, insurance companies and public traded corporations.
- Strict rules limit most individuals from efficiently benefiting from tax credits and depreciation.
- Recent changes in US tax rules involving payments to foreign affiliates have further limited the pool of investors.
- The situation creates too much “supply” of tax credits from projects and too little “demand”.
- Limited capacity gives investors strong negotiating power and allows investors to demand returns that are somewhat greater than corresponding risk from the transaction.

Tax Equity Investors

- Most tax equity investors are not in the solar business but large financial institutions.
- Tax equity utility scale solar and wind returns 6% to 8.5% after tax
- Tax equity roof top solar: 9% to 12%+ after tax
- Complex structures developed so tax equity investors can be an owner but with narrow operational involvement.

Major tax equity investors

- JP Morgan
- US Bank
- Wells Fargo
- B of A
- Goldman Sachs
- Berkshire Hathaway

Part IV- Understanding The Tax Equity Structures

Transaction Structures

- There are three commonly used transactions structures for solar tax equity investment:
  - Partnership flips
  - Sale-leasebacks
  - Inverted-leases
- The partnership flip is the most commonly used and most flexible.
- Roughly 70% to 80% of the market is partnership flip transactions.
- The other structures are somewhat more specialized and tend to work better in particular situations as discussed below.
- PTC projects can only use the partnership flip

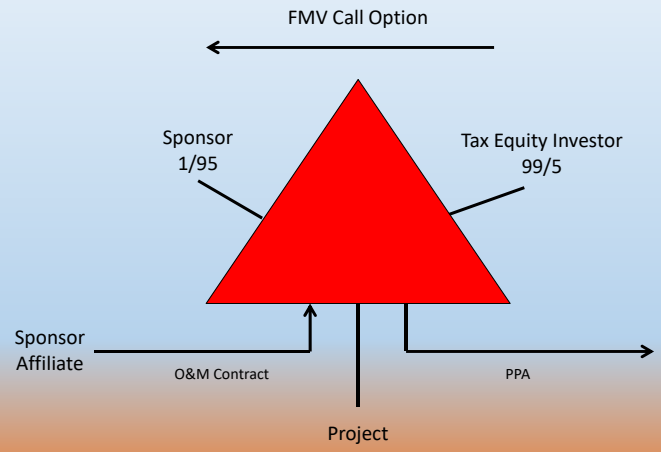
Partnership Flip Transactions

- A partnership flip is a simple concept. A sponsor brings in a tax equity investor as a partner to own a renewable energy project together in a joint venture.
- The intent of the structure is to allow the tax investor to have a large interest early in the transaction in order to get the tax benefits available, then have the investor's interest decrease or "flip" to a small interest that can be acquired by the developer.
- US tax law allows a partner to receive an allocation of partnership income that varies for the partner's underlying ownership interest, so long as it is properly accounted, and is eventually corrected.

Partnership Flip Transaction

- The partnership allocates taxable income and loss 99% to the tax equity investor until the investor reaches a target yield, after which its share of income and loss drops to 5% and the developer has an option to buy the investor's interest. Cash may be distributed in a different ratio from income.
- The tax credit and depreciation follow the 99% income allocation, so tax investors receive 99% of tax credit.
- Yield-based flips in the solar market price to reach target yield in six to ten years. Flips periods cannot be shorter than the tax credit vesting/recapture period discussed in the prior section.

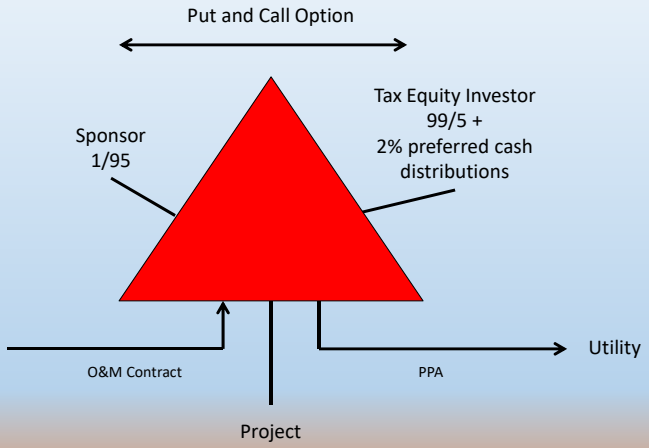
Basic Partnership Yield Flip



Fixed Date-Flip Structure for Solar

- In addition to the yield-based flip, for solar transactions there is also a fixed-flip structure.
- As opposed to being yield based, this transaction "flips" at a date certain after the tax credit recapture period.
- This structure is only offered by a subset of investors but has grown in popularity over the last few years.
- The intent of the structure is to leave as much cash as possible for the sponsor to monetize in an alternative fashion.
- Since the structure is not yield based, it uses alternative mechanisms to protect the investor such as preferred cash distributions and a put option.

Fixed Partnership Flip



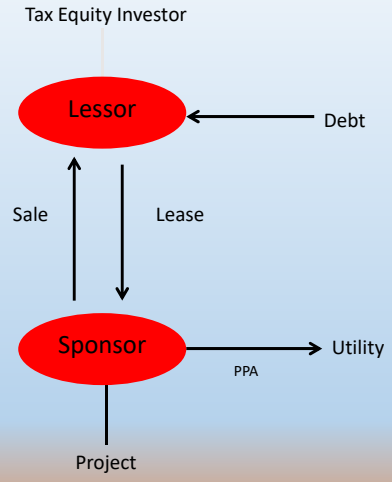
Features of a Flip Transaction

- The developer is responsible for day-to-day management of the project. Investor consent is required for a list of "major decisions."
- Investors are generally passive and look for developer to run the assets.
- As discussed previously, varied allocations of partnership income must eventually be corrected. This is tracked by what is called the partner's "capital account".
- Capital account issues generally limits the amount of depreciation an investor can take (despite the 99% allocation). Investors typically take a majority but much less than the initial 99%.

Sale-Leaseback Transaction Basics

- In a sale-leaseback, the solar company sells the project to a tax equity investor and leases it back (typically for 80% of the operating life).
- Unlike a flip where the investor gets most of the tax benefits, all the tax benefits are transferred to the investor without complicated partnership accounting. The investor calculates tax benefits on the fair market value purchase price it pays for the project.
- The lessee has a gain on sale to the extent the project is worth more than it cost to build.
- The lessee retains a purchase option to repurchase the asset at the end of the lease term at fair market value.

Sale-Leaseback Structure



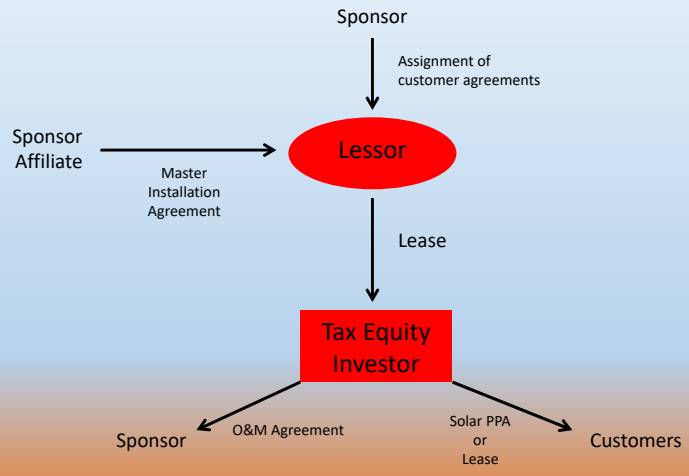
Sale-leaseback Explained

- The sponsor/lessee is usually required to repay part of the purchase price as prepaid rent.
- Lease terms are typically limited to 80% of the asset useful life.
- Sale-leasebacks are still somewhat common in the commercial and utility-scale solar markets. They are uncommon in the solar rooftop market. Overall, they are used much less today than ten years ago.
- Tax rules prevent the developer from guaranteeing to the tax investor that it will repurchase at the end of the lease period for a fixed price, so investors are often concerned about the post-lease project value, and their ability to exit the deal.
- Agreeing on post-lease value tends to limit the use of the structure and can complicate initial negotiations.

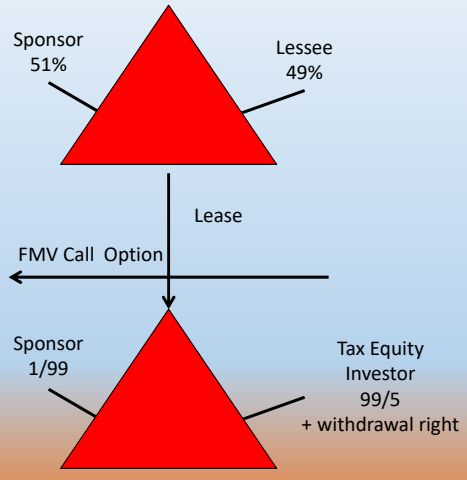
Inverted Leases

- Inverted leases are used mainly in the rooftop solar market.
- The solar company assigns customer agreements and leases rooftop solar systems to a tax equity investor who collects the customer revenue and pays most of it to the solar company as rent.
- The solar company passes through the investment credit to the investor but keeps the depreciation. Special rules allow the investor to claim the tax based on the fair market value.
- The solar company takes the asset back at the end of the lease.

Basic Inverted Lease



Overlapping Ownership Inverted Lease



Inverted Leases Explained

- Developers like inverted leases because they get the asset back without having to pay for it, and the investment credit is calculated on the fair market value of the solar equipment rather than its cost.
- The inability to the tax investor to claim deprecation under this structure causes tax investor contributions to be smaller, which limits the application.
- While commonly used, this structure is generally preserved as having greater tax risk than the other two structures.

Comparing the Three Structures

- The three structures vary in terms of the amount of capital raised, risk allocation and the timing of when the tax investor must invest. The sponsor must turn to other sources of capital (debt and equity) to raise the rest of the project cost.
- While the structures themselves can vary in underlying tax risk, the primary drivers of tax risk are in the internal structuring.
- Wind transactions can only use the partnership flip.

Renewable Energy Sample Valuation

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Common Discussion Points

<u>Operators</u>

- Expiring PPA's, hedges, and other financing arrangements
- Degradation
- Increasing O&M expense
- Availability of parts
- Repowering cost
- Curtailment

<u>Market</u>

- Technology advancements
- Energy price declines
- Installed cost declines
- Incentives (ITC, PTC, Grants, Accelerated Depreciation)
- Changes in RPS
- Cost of capital
- Remaining economic life

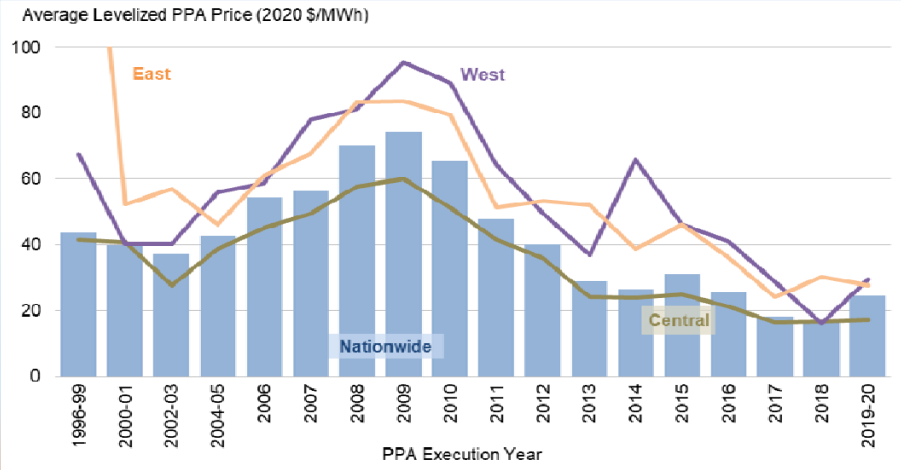
Industry Trends

Table H1 Total installed cost, capacity factor and levelised cost of electricity trends by technology, 2010 and 2020

	Total installed costs (2020 USD/kW)			Capacity factor (%)			Levelised cost of electricity (2020 USD/kWh)		
	2010	2020	Percent change	2010	2020	Percent change	2010	2020	Percent change
Bioenergy	2 619	2 543	-3%	72	70	-2%	0.076	0.076	0%
Geothermal	2 620	4 468	71%	87	83	-5%	0.049	0.071	45%
Hydropower	1 269	1 870	47%	44	46	4%	0.038	0.044	18%
Solar PV	4 731	883	-81%	14	16	17%	0.381	0.057	-85%
CSP	9 095	4 581	-50%	30	42	40%	0.340	0.108	-68%
Onshore wind	1 971	1 355	-31%	27	36	31%	0.089	0.039	-56%
Offshore wind	4 706	3 185	-32%	38	40	6%	0.162	0.084	-48%

irena.org/publications/2021/Jun/Renewable-Power-Costs-in-2020

Wind Power – PPA Price Decline



https://emp.lbl.gov/wind-technologies-market-report

Valuation Assumptions

Cost Approach:

- Reproduction Cost New = $2,000 per kW
- Designed Capacity = 100 MW
- Installed Cost = $200,000,000
- Replacement Cost New = $1,200 per kW
- Replacement Cost New = $120,000,000
- Age = 10

Income Approach:

- Variable capacity factor
- Land royalties = 7% of revenue
- Expense growth = 3% / year
- MACRS tax depreciation
- Income tax rate = 25%
- Remaining life = 5 years
- PPA price = $100 / MWh
- Market price = $20 / MWh

Cost Approach

Description	Inputs
Reproduction Cost New	$200,000,000
Functional Obsolescence (FO)	$80,000,000
Replacement Cost New	$120,000,000
Physical Depreciation (Age/Life)	$13,000,000
Economic Obsolescence (EO)	Not Quantified
Replacement Cost New less Depreciation	$107,000,000

Income Approach - Revenue

Period	1	2	3	4	5
Capacity (MW)	100	100	100	100	100
x Capacity Factor	30%	25%	35%	30%	25%
x Hours	8,760	8,760	8,760	8,760	8,760
= Production MWh	262,800	219,000	306,000	262,800	219,000
x Price per MWh	$100	$100	$100	$100	$20
= Revenue	$26,280,000	$21,900,000	$30,660,000	$26,280,000	$4,380,000
% Change		*-17%*	*40%*	*-14%*	*-83%*

Income Approach - Expense

Period	1	2	3	4	5
Land Royalties	$1,839,600	$1,533,000	$2,146,200	$1,839,600	$306,600
+ O&M Expense	$1,576,800	$1,624,104	$1,627,827	$1,723,012	$1,774,702
+ G&A Expense	$262,800	$270,684	$278,805	$287,169	$295,784
+ Property Tax	$1,576,800	$1,608,336	$1,640,503	$1,673,313	$1,706,779
+ Insurance	$1,051,200	$1,082,736	$1,115,218	$1,148,675	$1,183,135
+ Other Expense	$262,800	$270,684	$278,805	$287,169	$295,784
= Operating Expense	$6,570,000	$6,389,544	$7,132,357	$6,958,937	$5,562,784
% of Revenue	*25%*	*29%*	*23%*	*26%*	*127%*

Income Approach – Free Cash Flow

Period	1	2	3	4	5
EBITDA	$19,710,000	$15,510,456	$23,527,643	$19,321,063	-$1,182,784
- Tax Depreciation	$0	$0	$0	$0	$0
= Pretax Income	$19,710,000	$15,510,456	$23,527,643	$19,321,063	-$1,182,784
- Income Tax	$4,927,500	$3,877,614	$5,881,911	$4,830,266	$0
+ Prod. Tax Credit	$0	$0	$0	$0	$0
= Net Profit after Tax	$14,782,500	$11,632,842	$17,645,732	$14,490,798	-$1,182,784
+ Tax Depreciation	$0	$0	$0	$0	$0
- Inc. / + Dec. in WC	$0	$365,000	-$1,226,400	$375,429	$365,000
- Capital Reserves	$525,600	$537,600	$549,518	$561,882	$0
= Free Cash Flow	$14,256,900	$11,095,416	$17,096,214	$13,928,915	-$1,182,784

Income Approach – Discounted Cash Flow

Period	1	2	3	4	5
Free Cash Flow	$14,256,900	$11,095,416	$17,096,214	$13,928,915	-$1,182,784
Terminal Rate					0%
Terminal Value					$0
Discount Rate	10%	10%	10%	10%	10%
Present Value Factor	.953463	.866784	.787986	.716351	.651228
PV of Cash Flows	$13,593,421	$9,617,331	$13,471,571	$9,977,986	-$770,262
Sum of Cash Flows	$45,890,047				

Cost vs. Income Approach - Comparison

Cost Approach:

- $107,000,000
- Where is the EO?
- What about intangible value?

Income Approach:

- $46,000,000 at PPA price with Merchant Tail
- $11,000,000 at Market price
- Difference = Intangible Value?
- Difference = EO?

Property Tax Considerations

- The Cost Approach, notwithstanding an unquantified amount for EO is clean and easy, but is it accurate?
- In the Income Approach, property tax expense was included, is this correct?
- Why is the terminal value $0?
- How should tax depreciation and production tax credits be treated in the Income Approach?
- What about discount rate, should we use a WACC or derive a rate from sales?

Deriving Discount Rate from Sales

- Simplified Method: Sales Price / Net Operating Income = Capitalization Rate.
- What about a discounted cash flow method?
  - If sales price is known, then you use a Goal Seek formula to solve for discount rate.
  - In our Sample Income Approach the discount rate = 10%, i.e., the internal rate of return expected at the $46,000,000 valuation.
- What if you exclude the effects of accelerated depreciation and tax incentives?
  - Typically, these are positive cash flows to investors.
  - If you hold the sales price constant and remove positive cash flows, you get a lower discount rate.

Case Study – New York's Approach for Wind and Solar Projects

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Case Study – New York's Approach for Wind and Solar Projects

- In 2021, New York enacted Real Property Tax Law Section 575-b, which requires all solar and wind energy systems (greater than 1 MW) to be assessed using a discounted cash flow approach.
  - The law required the New York State Department of Taxation and Finance ("DTF") to establish an appraisal model.
  - The discount rate or rates shall be published annually.
  - In establishing the model, DTF had to consider economic and cost characteristics of systems located in different regions of the State and consider regionalized market pressures
  - Intended to be used for the 2022 Assessment Rolls

Discount Rate

- Discount Rate is based upon the weighed average cost of capital.
- DTF guidance states that the cost of capital is synonymous with the discount rate that is typically used in renewable energy discounted cash flow analysis.
- DTF has established three separate discount rates based upon the system type and size.
- The rates are combined with the local full property tax rates for the Model.

Discount Rate – Large Scale Solar (5 MW and larger)

	Weighting	Cost	Weighted cost
Weighted cost of debt	0.519	4.00%	2.08%
Weighted cost of equity	0.481	10.58%	5.09%
Base discount rate per WACC			7.16%

Discount Rate – VDER Solar (1 to 5 MW)

	Weighting	Cost	Weighted cost
Weighted cost of debt	0.300	4.50%	1.35%
Weighted cost of equity	0.700	9.50%	6.65%
Base discount rate per WACC			8.00%

Discount Rate – Wind (1 MW and larger)

	Weighting	Cost	Weighted cost
Weighted cost of debt	0.316	4.00%	1.26%
Weighted cost of equity	0.684	12.28%	8.40%
Base discount rate per WACC			9.66%

Using the Model

- Limited number of inputs in the model that can be changed.
- Production numbers cannot be changed.
- Income numbers cannot be changed.
- Expenses, including O&M costs, are established by DTF with the exception of lease payments.
- Assumptions – Underlying land is not included in the assessment

20 MW Solar Example

2022 Solar and Wind Appraisal Model *Blue cells require user input* January 6, 2022

NYISO Zone	C - Central	
Plant Type	Solar - Fixed Axis	
System Size	20,000	(kW Wind/kW AC Solar)
Date of Operation	1/1/2022	
Taxable Status Date	3/1/2022	
System Age at Taxable Status Date	0	

Before Tax Discount Rate - WACC	7.16%
Tax Load	3.00%
Loaded Discount Rate	10.16%

Annual Ground Lease Payment (if applicable)	$100,000
Annual Ground Lease Escalator (if applicable)	2.00%

Project is Wind or Solar over 5,000kW (Tier One or Open Market) and no additional inputs are necessary.

20 MW Solar Example

B	C	D	E	F	G	H
	2022	2023	2024	2025	2026	2027
year	*1*	*2*	*3*	*4*	*5*	*6*
Production	32,860,207	32,695,080	32,619,077	32,364,827	32,199,700	32,034,573
VDER not applicable						
Energy $	*1,032,950*	*999,616*	*1,015,733*	*1,045,413*	*1,059,559*	*1,005,930*
Capacity $	*227,944*	*265,397*	*270,496*	*272,196*	*266,903*	*267,421*
DRV Rate	*467,409*	*467,409*	*470,259*	*469,544*	*478,389*	*477,322*
MTC and/or CC	-	-	-	-	-	-
Community Adder	-	-	-	-	-	-
VDER Total	*1,728,303*	*1,732,422*	*1,756,488*	*1,787,153*	*1,804,851*	*1,750,674*
Tier 1:						
Energy $	*1,003,059*	*970,689*	*986,340*	*1,015,162*	*1,028,898*	*976,821*
Capacity $	*239,941*	*279,365*	*284,733*	*286,522*	*280,950*	*281,496*
Tier 1 Total	*1,243,000*	*1,250,054*	*1,271,073*	*1,301,684*	*1,309,848*	*1,258,317*
Income	**$ 1,243,000**	**$ 1,250,054**	**$ 1,271,073**	**$ 1,301,684**	**$ 1,309,848**	**$ 1,258,317**
Expense*	$ 330,731	$ 337,346	$ 344,093	$ 350,975	$ 357,994	$ 365,154
Lease	$ 100,000	$ 102,000	$ 104,040	$ 106,121	$ 108,243	$ 110,408
Decomissioning	$ 28,000	$ 28,000	$ 28,000	$ 28,000	$ 28,000	$ 28,000
Inverter (Solar Only)	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	**$ 458,731**	**$ 467,346**	**$ 476,133**	**$ 485,095**	**$ 494,237**	**$ 503,562**
EBITDA	**$ 784,269**	**$ 782,708**	**$ 794,940**	**$ 816,588**	**$ 815,611**	**$ 754,755**
Discount Factor	0.9078	0.8240	0.7480	0.6791	0.6164	0.5596
Disc Cash Flow	**$ 711,936**	**$ 644,989**	**$ 594,652**	**$ 554,508**	**$ 502,763**	**$ 422,340**

Present Value of Cash Flow: $ 5,058,776 ***Value for Improvements Only***

Questions?

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