

ACCESSING LOW-COST CAPITAL THROUGH SECURITIZATION

Michael Mendelsohn
National Renewable Energy Laboratory

NREL Goal

- Expand availability of capital
- Lower cost of capital
- Reduce transaction cost, time to access capital

3 Yr. DOE Award:

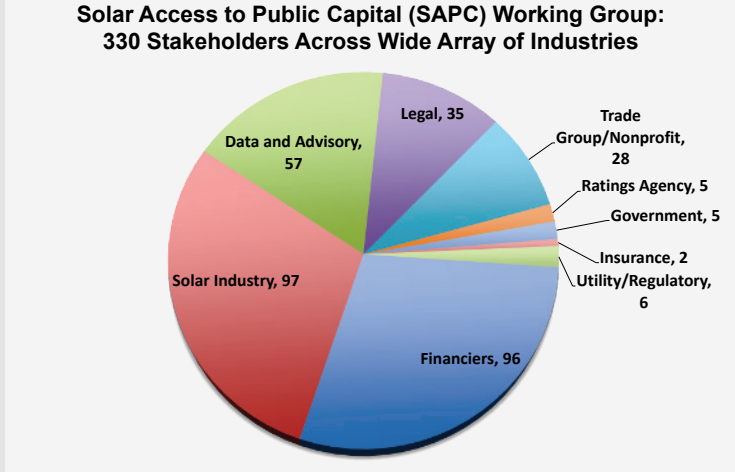
Advanced Financing to Achieve SunShot

Organize the industry around:

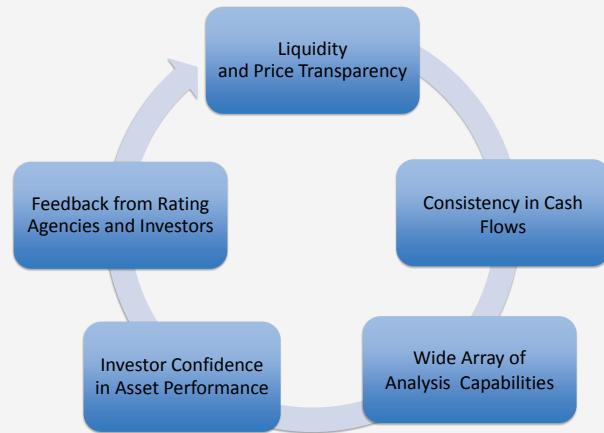
- Standard documents
- Best practices
- Robust datasets

Conduct analysis to comprehend opportunities and barriers

Promote adoption by developers, financiers, law firms, etc.



Capital Market Participation Requires...



Two Critical Components:

- i. **Asset and contractual consistency** which allows project cash flows to be pooled into tradable and highly liquid securities, and
- ii. **Availability of data to conduct due diligence** necessary to build market confidence in the asset class

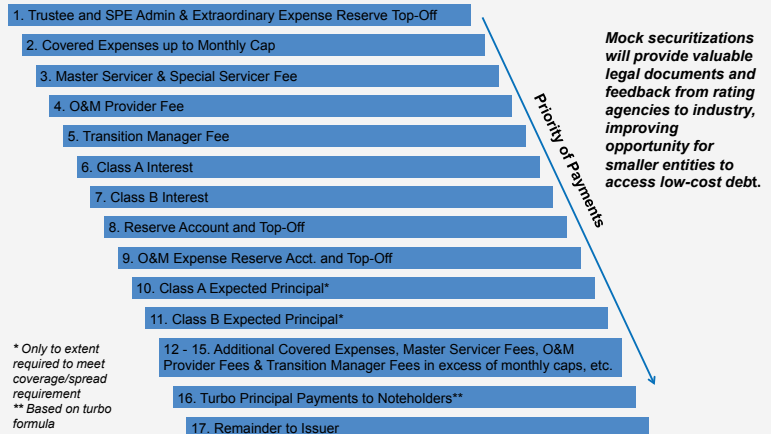
...which feed a virtuous circle of...

SolarCity Securitizations

	Nov. 2013	April 2014	July 2014	Improvement?
Name	2013-1	2014-1	2014-2	
Yield	4.80%	4.59%	4.32%	Yes
Bond Size (\$ mm)	\$54.4	\$70.2	\$201.5	Yes
ADSAB (PV of cashflows - \$mm)	\$87.8	\$106.2	\$276	Yes
Advance Rate (% of ADSAB)	62%	66%	73%	Yes
Wtd. Avg. Seasoning	22 months	12 months	7 months	Yes
Portfolio from Residential	71%	87%	86%	Yes
Rating	BBB+	BBB+	BBB+/BB	Neutral
Tranches	Single	Single	Sr/Sub	Yes

While a significant development, the SolarCity securitizations only represent \$325 million funding relative to total industry annual investment of approximately \$14 billion. All info based on Standard & Poor's Pre-Sale Reports relevant to each securitization.

SAPC Mock Securitization: SolarCo Waterfall



* Only to extent required to meet coverage/spread requirement
** Based on turbo formula