

About Tecta Solar



Tecta Solar is a division of Tecta America. Tecta America is the largest commercial roofer in the US, with 3,000 employees, \$420 million in 2011 Sales.

We are the general contractor for our installations – our employees do the installations. Subcontract electrical work locally.

Commercial and small utility-scale projects: 200 kW to 10 MW. Customers are industry, municipalities, real estate developers, schools.

To provide a full solar package:

- PPAs structured
- Tax and financial leasing, debt placement
- Incentive capture,
- SREC monetization (selling only for our own projects)
- Operate and maintain

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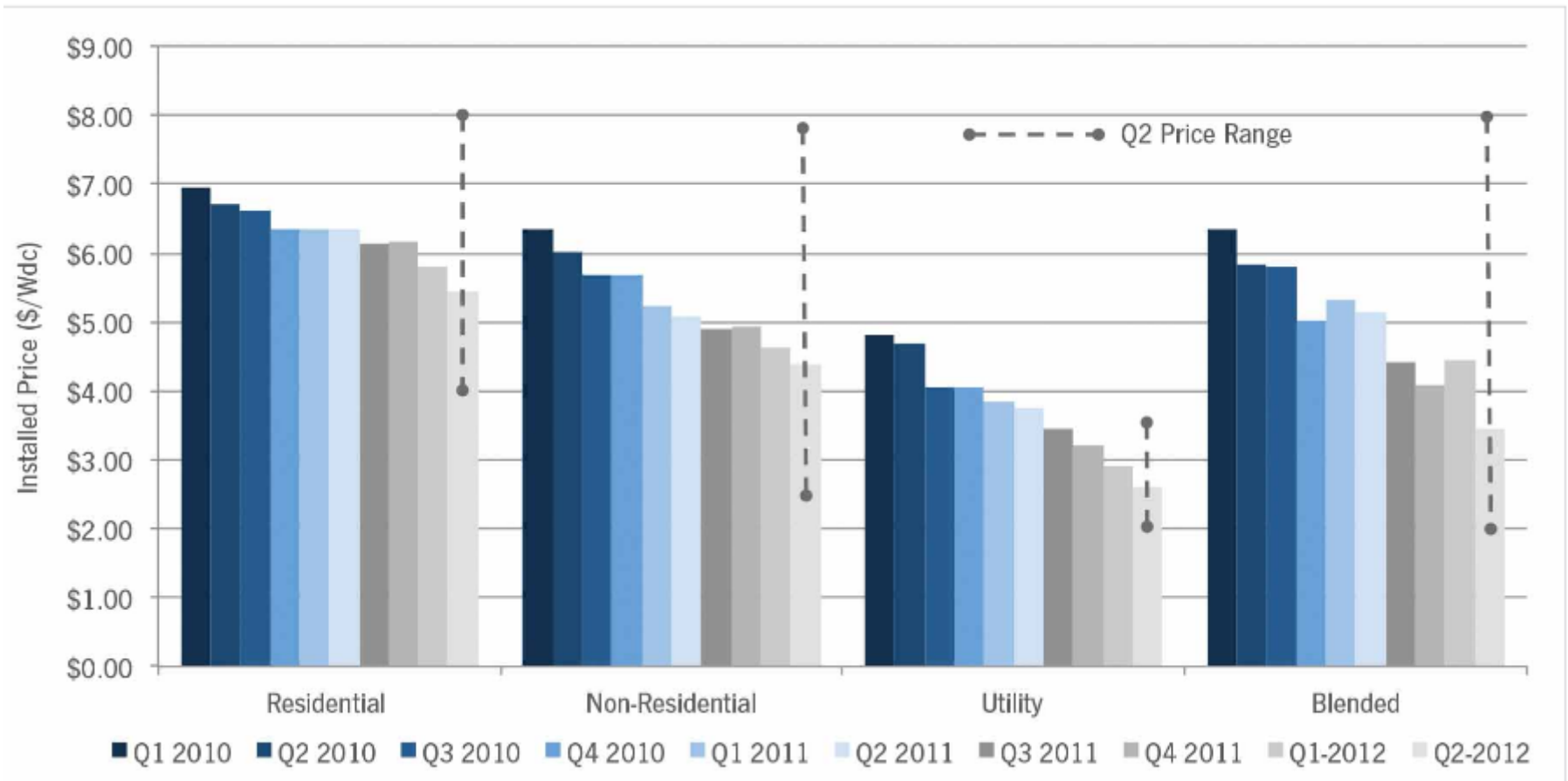


Incentive Types



Policy/Regulation/ Incentive	Description	No. of States offers
Renewable Portfolio Standard Solar Set-aside (SRECs)	Law for utilities to procure certain amount of specific type of technology such as solar or DG. Leads to the creation and trade of SRECs.	16 states + DC
Tax Credit	Reduce tax payment by % of PV system cost	22 states + DC
Net Metering	Allow to bank excess electricity on the grid and reduce bill	43 states + DC
Rebate	Partial refund to purchased systems	15 states + DC
Sales Tax Exemption	Elimination of the sales taxes owed for purchased systems	21 states
Property Tax Exemption	Elimination of the property taxes owed for purchased systems installed on house/building	30 states

National Weighted Average System Prices Falling



SRECs bridge some gaps



SRECs provide a material part of the gap in returns.

But if well-structured and well-facilitated, a good RPS program can LOWER the overall cost of capital.

To do that, RPS programs can be run to enhance **certainty of value.**

Need of systems owners:

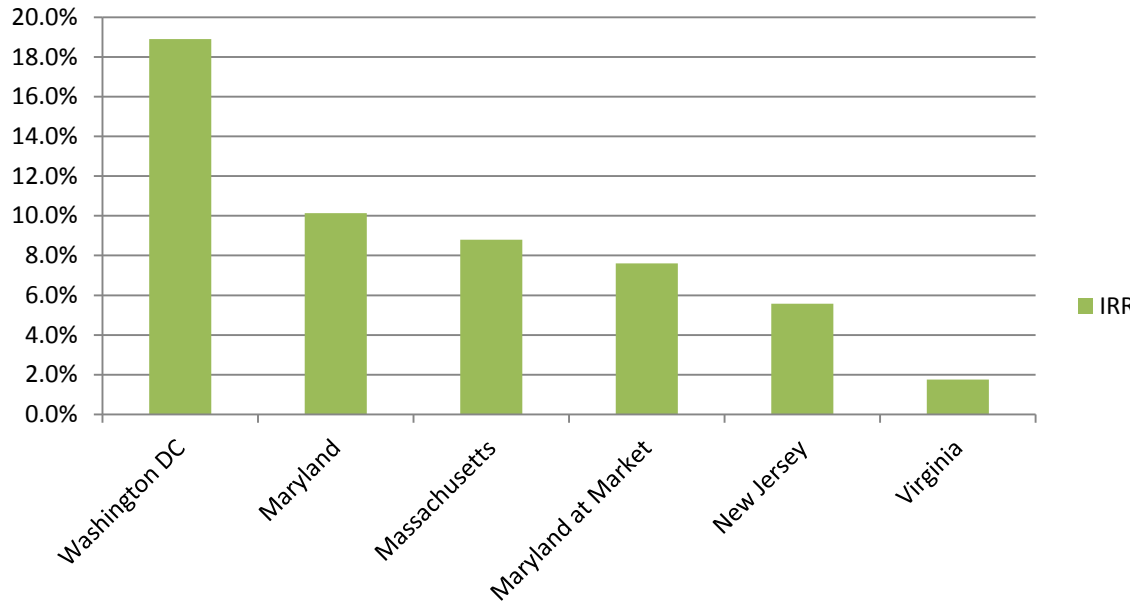
Lower cost of capital to lower customer power prices, while making a **decent risk-adjusted return**

- Lenders are reluctant to lend against uncontracted SREC revenue
- Tax-equity is reluctant to provide funding against uncontracted revenue
- Contracting for retail power is a 2-3 year forward market, yet solar required a 15 to 20 year commitment to capture full value. Mismatches result, as solar needs long term contracts, and EDC's are used to short term.

Returns as a function of SRECs



Internal Rate of Return - IRR



Includes value of Federal ITC, MACRS on this 1 MWp project

State	Washington D	Marylan	Massachusett	Maryland at Marke	New Jerse	Virginia
5-year forward at						
SREC Assumptions	60% of ACP	\$160	\$120	35% of ACP	5 year forward at \$90	Spot at \$10
Insolation Factor	1226	1227	1209	1227	1185	1274
IRR	18.9%	10.1%	8.8%	7.6%	5.6%	1.7%
Avoided Cost of power	0.134	0.118	0.145	0.118	0.139	0.077

Certainty through RPS



Certainty: Liquidity, Transparency, Long Term Value, Simplicity:

1. **Some liquidity:** serves as a reference for the whole market, provides comfort that there is validation of values, highlights changing risks and rewards. Liquidity requires speculative buyers to stand equivalent to others.
2. **Transparency:** How many facilities, where, when allow prediction of supply. Purchases and sales of SRECS validates Prices and Quantities: High, low and average of monthly deliveries is not enough. Volume is meaningful in a retail vs.. wholesale market where aggregation is expensive. Don't need to know buyers and sellers.
3. **Long Term Value:** Long and medium term contracts are to be encouraged!
 - NJ "SREC Loan Programs"
 - MA SREC Auction mechanism – soft 'floor' price is intended
 - Utility tenders > 5 years are helpful. Spot/ Near term tenders are not.
4. **Simplicity:** Lenders and tax investors can only accommodate so much complexity. Conditionality of processes, thresholds, participation is challenging to convert to cash flows.

Uncertainty is always repriced to the worst case scenario