

Project Finance and Tax Credit Transactions



HIGHLIGHTS

■ Representing Sponsors and Financiers of Energy and Climate Solutions Projects

Our attorneys are known for their innovative, influential approaches to financing and structuring renewable energy projects and have earned recognition in the clean energy and climate solutions sectors.

■ Financing Experience Across the Capital Stack for Clean Energy Projects

We assist at all levels of debt and equity in the clean energy capital stack at all stages of a project's life cycle and across the different energy market segments, including residential, distributed-generation, and utility-scale projects. We also help our clients to establish asset-backed lending facilities, working capital facilities, and capital markets securitizations and assist them with tax credit transfer transactions.

■ Specializing in Novel Project Financings

Our project finance team has been one of the industry pioneers in devising non-dilutive, non-recourse asset financing structures for emerging renewable energy sectors. From structuring the first tax equity transactions for residential and distributed-generation solar portfolios in the 2000s to financing some of the largest standalone energy storage and carbon sequestration projects today, we put together innovative deals for innovative clients. More recently, we have structured some of the first hybrid tax equity transactions.

OVERVIEW

With focused experience in the clean energy and climate sectors, our project finance and tax credit transactions team represents sponsors, investors, private equity firms, and financial institutions in project financings at all levels of the capital stack over all stages of a project's life cycle, including tax equity, cash equity, development, construction, term, back-leverage, and mezzanine debt financings, as well as capital markets securitizations, including forward flow financings. Our know-how extends across different market segments, from structuring portfolios of residential or distributed-generation solar or solar-and-storage portfolios to financing some of the largest utility-scale collocated solar and storage, stand-alone storage, wind, and other clean energy projects.

Our project finance team combines market-leading knowledge of project finance with a keen understanding of Sections 45 and 48 of the Internal Revenue Code that provide energy tax credits for qualifying renewable energy facilities such as wind, solar, biomass, and geothermal power plants, as well as Section 28D for qualified solar electric property expenditures and Section 45Q for carbon capture, use, and sequestration.

Our Clients and Representative Sectors

Wilson Sonsini draws upon the experience of seasoned practitioners in matters where we have specialized proficiency, such as tax, energy regulation, real estate, tariffs and import compliance, national security, technology licensing, and bankruptcy, to provide tailored legal solutions that align with our clients' needs. We are frequently involved in first-of-their-kind transactions and have developed novel financing structures in many market segments, including some of the earliest hybrid tax credit transactions.

The Wilson Sonsini project finance and tax credit transactions team represents sponsors, traditional tax equity and preferred equity

investors, cash equity investors, bank lenders and institutional debt providers, other lenders, and private equity firms in project financings, with a particular focus on the clean energy and climate solutions sectors, including:

- Wind
- Solar
- Energy storage
- Biomass
- Biofuel
- Geothermal
- Energy efficiency
- Carbon capture, use, and sequestration
- Electric vehicle charging infrastructure

In addition to financing utility-scale wind, solar, collocated solar and storage, and stand-alone energy storage projects, we developed some of the earliest project financing structures for assets in the residential solar, energy storage, energy efficiency, EV charging, and other industries focused on developing distributed energy assets. For example, we completed the first project financings for the following clean energy innovators:

- Sunrun
- SolarCity
- Vivint Solar
- Stem
- Redaptive
- Metrus Energy

We have also represented active major renewable energy power producers in tax credits and debt financings for their utility-scale renewable power projects, as well as with respect to tax credit transfer transactions for these projects.

As a result of our proven ability to efficiently execute financings for energy projects, strategic investors, venture capital firms, and major financial institutions look to Wilson Sonsini attorneys for their general finance background and extensive experience in all aspects of development, finance, acquisition, and disposition of clean energy and infrastructure projects. Our project finance and tax credit transactions team has served as outside counsel to many of the leading financial institutions active in renewable energy financings, both with respect to debt and tax credit financings.

REPRESENTATIVE TRANSACTIONS

- Represented TransGrid Energy in connection with a tax credit transfer agreement for the sale of up to \$490 million of investment tax credits with respect to two utility-scale battery energy storage projects located in Arizona.
- Represented TransGrid Energy in a \$705 million debt financing of two BESS projects totaling 450MW/1,800 MWh located in La Paz County, Arizona.
- Represented TransGrid Energy in a \$270 million tax equity financing commitment from an affiliate of a major financial institution and a tax credit transfer transaction with a corporate tax credit purchaser of up to \$490 million for two utility-scale, standalone battery storage facilities.
- Represented ON.Energy Storage in the debt financing of eight 9.99 MW/two-hour standalone battery energy storage projects in Texas by lender Pathward, National Association.
- Represented Sunrun in its asset-backed securitization of solar leases and power purchase agreements. The securitization consists of \$886.3 million in A+ rated Class A-1 and Class A-2 notes and \$91.2 million in BB rated Class B notes, for an aggregate \$977.5 million initial balance. The notes are secured by two tax equity funds of rooftop solar and energy storage systems distributed across various states and utility service territories. At closing, this asset-based securitization was the largest ever in Sunrun's history and across the residential solar industry.
- Represented a leading developer in the acquisition of a 48 MW portfolio of eight solar projects owned through an overlapping ownership inverted lease structure.
- Represented TransAlta with respect to 10-year production tax credit transfer agreements for White Rock and Horizon Hill wind projects in Oklahoma.
- Represented Sunrun in its asset-backed securitization of solar leases and power purchase agreements. The securitization consists of \$715 million in A- rated Class A-1 and Class A-2 notes and \$80 million in BB+ rated Class B notes, for an aggregate \$795 million initial balance. The notes are secured by tax equity and wholly owned funds of rooftop solar and energy storage systems distributed across various states and utility service territories. Combined with a senior portfolio term-out financing closed in July 2023, the Class A-1 and Class A-2 notes collectively represent over \$1 billion of senior term debt financing raised by Sunrun in the third fiscal quarter of 2023.
- Represented Evergrow in funding of one of the first clean energy tax credit transfers.