

RECURRENT ENERGY

A subsidiary of Canadian Solar

CCA AND COST EFFECTIVE SOLAR: ACCELERATING THE TRANSITION TO CLEAN ENERGY IN CALIFORNIA

5.18.15



Leading Solar Project Developer Transforming Our World To Sustainably Meet Its Energy Needs With Clean Electricity

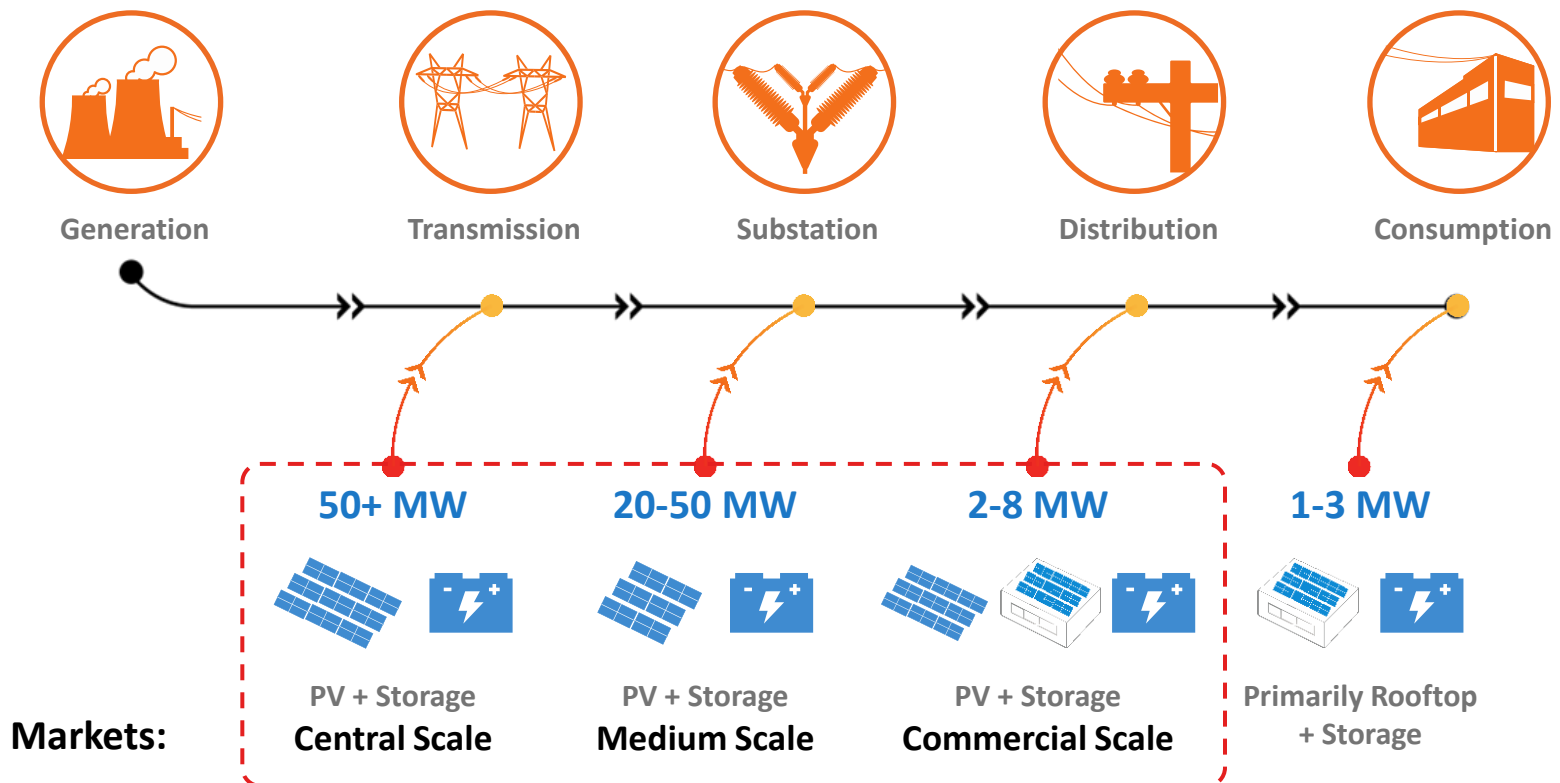
VISION

A BALANCED PORTFOLIO OF SOLAR PROJECTS

Recurrent Energy Develops, Builds, and Operates Utility Scale Solar Power Systems.

With a portfolio of more than 1.5 GWp of projects awarded and a development pipeline of 4.3 GWp, we're meeting rising energy demand with a fleet of clean power plants located right where they're needed most.

Electricity Grid



RECURRENT ENERGY COMMUNITY CHOICE AGGREGATION

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Recurrent Energy Has The Resources, Experience, and Technical Expertise, to Deliver Solar at Any Scale

- Currently serving both Marin Clean Energy and Sonoma Clean Power
 - MCE: 27 MW
 - MCE: 40 MW
 - Sonoma: 93 MW

COST EFFECTIVE SOLAR ENABLES CCA GOALS



- Solar development costs continue to decline as module supply expands globally and innovation in system design wrings out additional cost
- Construction firms are gaining familiarity with solar projects and are bidding competitively to provide services
- The 30% Federal Investment Tax Credit drops to 10% in 2017
 - Solar prices could be back to 2016 levels by 2019 or 2020

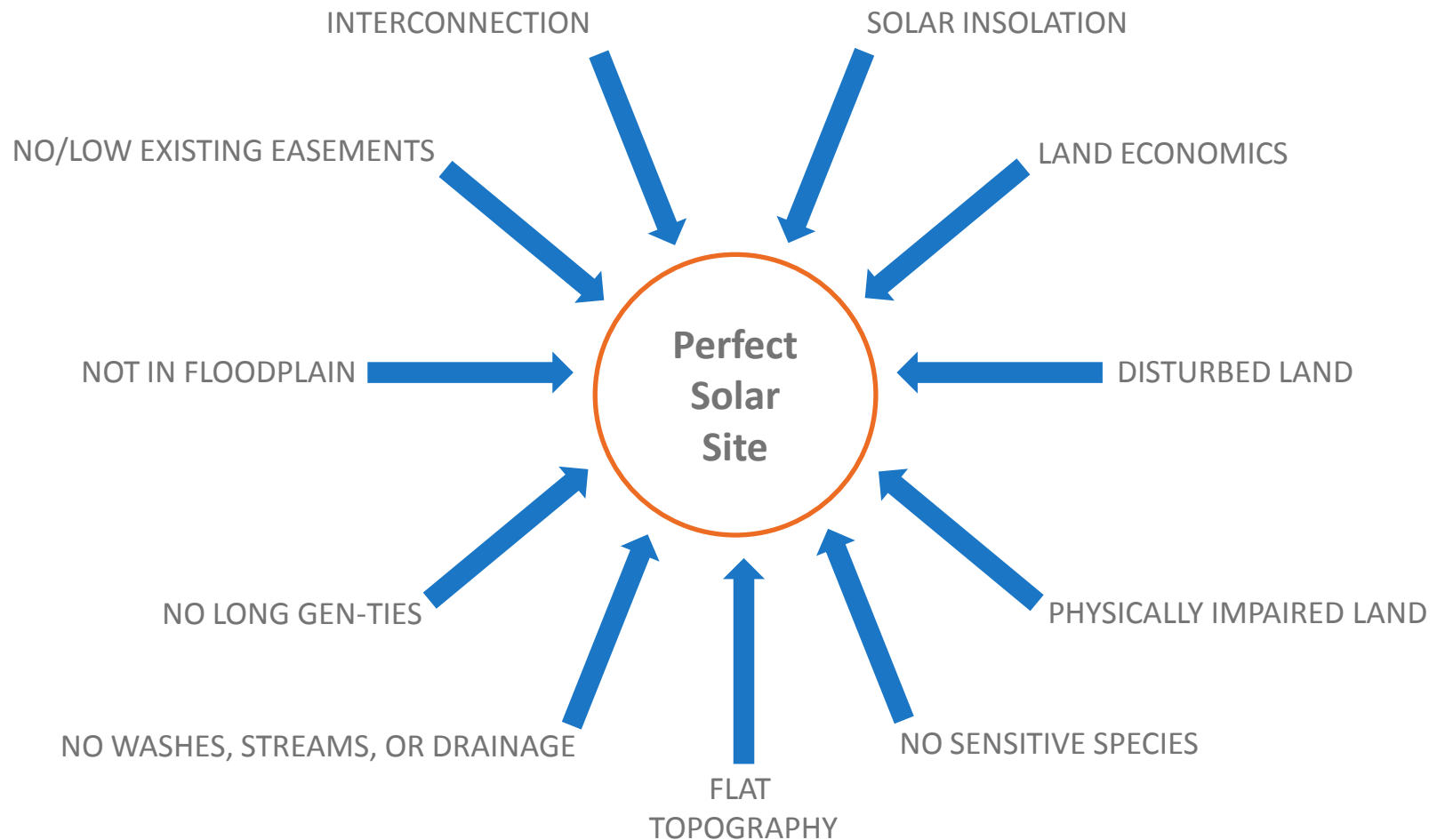
KEY INGREDIENTS FOR COST EFFECTIVE SOLAR IN CA



- Clear procurement signals
 - 33% RPS has driven developer investment
- Available transmission/distribution capacity
 - Small projects (<20 MW) can't afford upgrades
- Perfect siting
 - Siting is the largest determinant of cost
 - Siting includes land cost, permitting difficulty, local acceptance/opposition

LAND USE CRITERIA FOR THE PERFECT SITE

In a competitive market, only projects that maximize value across all layers of the physical environment will be successful



Power Marketing Landscape

- ~6,000 MW of additional near-term demand in CA driven by the following:
 - 50% RPS, Community Choice Aggregation, Expansion of Direct Access

Future contracts

- Signed in 2015 (for delivery in 2017 or later)
 - After IOU solicitation in August 2015, any remaining projects have been passed over multiple times.
 - Not likely enough time to get ITC, and too risky to finance it
- Signed in 2016 (for delivery in 2017/18)
 - If Governor Brown signs a 50% RPS in October 2015, expect developers to invest heavily in new sites, increasing competition
- Signed in 2017 (for delivery in 2018/19)
 - Cost curves for panels and equipment decline delivering economics similar to ITC

HOW CCA'S CAN HELP KEEP COST LOW



- CCA credit challenges significantly raise finance costs
- Lenders view a contract with a municipal utility and a CCA very differently
 - Credit rating of the actual City satisfies the lender's view on risk of default
 - Without the City's credit rating, cost to finance solar projects doubles
- Other options include long term contracts with motivated customers

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