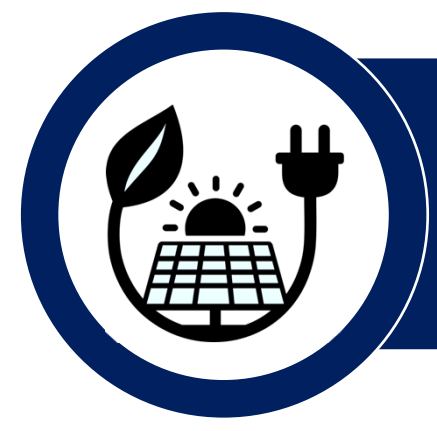
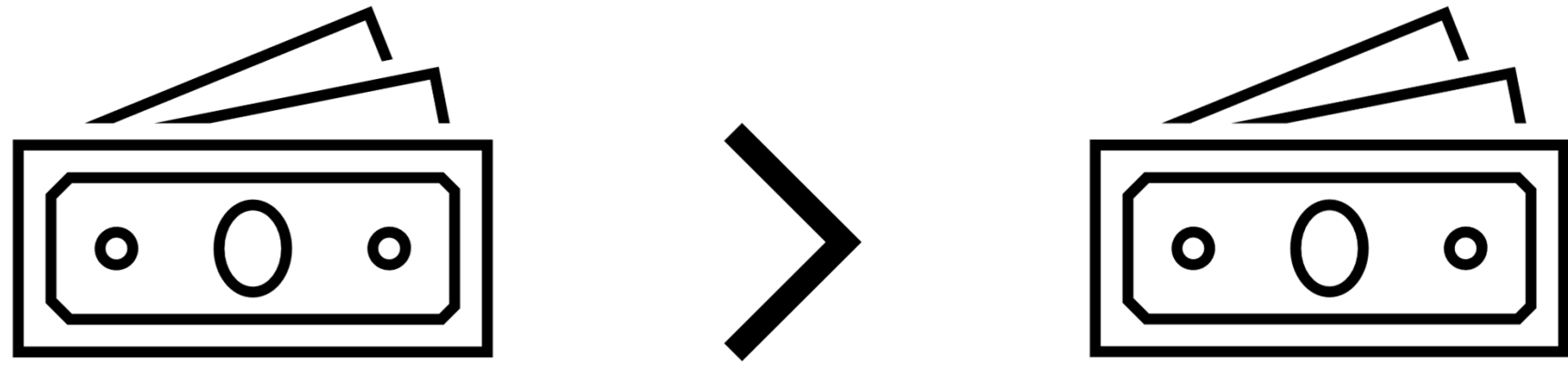


# VALUATION & COST SEGREGATION IN RENEWABLE ENERGY



## VALUATION

### INCOME APPROACH



NOW

FUTURE

- The value of a business or asset is the present value of the future earning capacity that is available for distribution to stakeholders (after-tax cash flow, including tax benefits), using a discount rate consistent with the risk profile of the underlying cash flows.

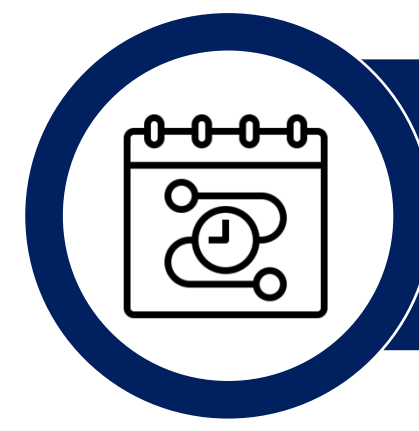
### COST APPROACH

- An informed purchaser would pay no more for an asset than the cost of producing a substitute with the same utility as the subject asset.
- For new assets, replacement cost should be in line with the Reproduction Cost New (cost actually incurred to build) for a new project.
- Sources utilized:
  - Original Developer & EPC costs
  - Public comparable sources and trends for replacement cost



### MARKET APPROACH

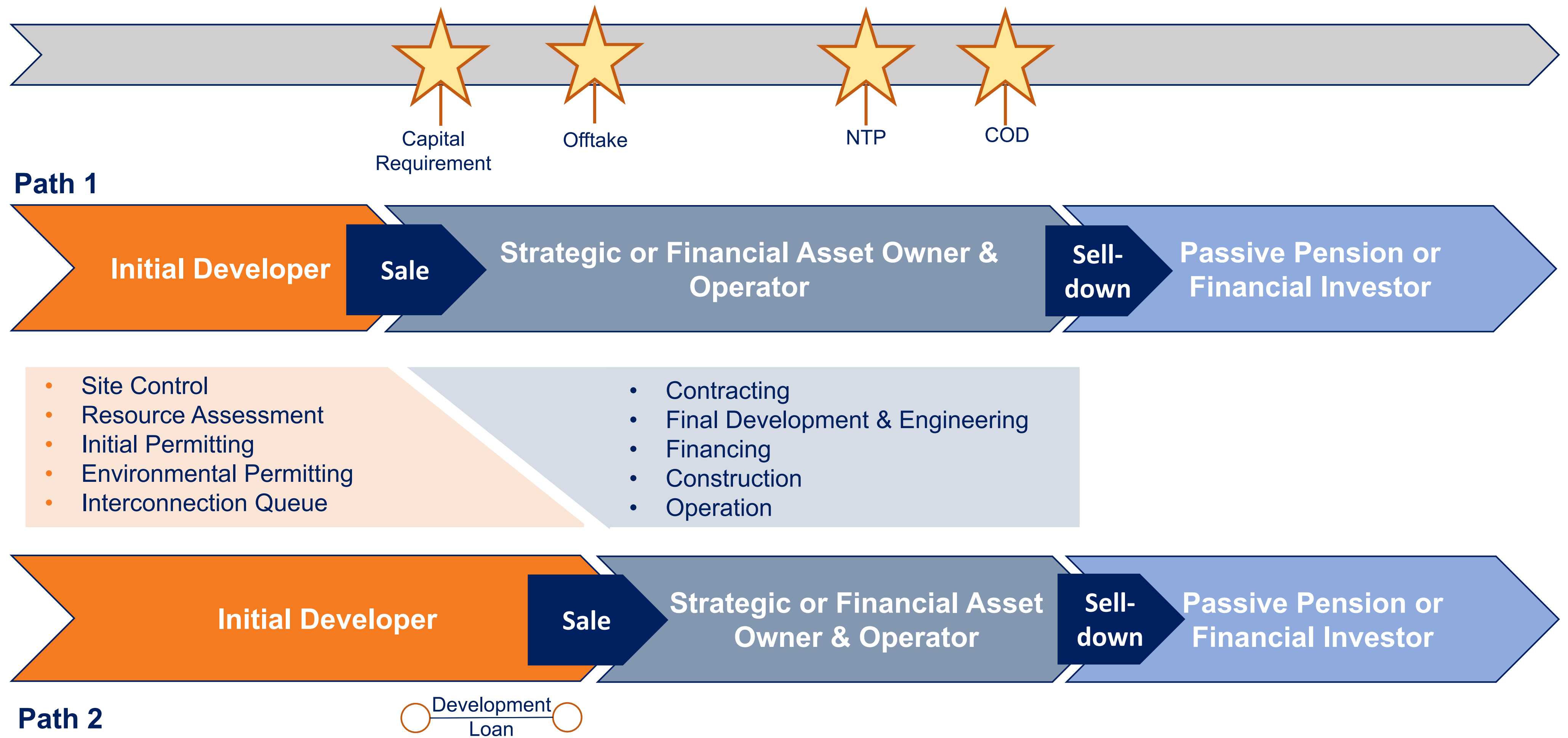
- Based on the comparison of sales of similar properties to the property being appraised
- The \$/kW transaction value is then applied to the subject asset.
- Limited to assets in liquid markets with sufficient recent, reliable transactions of comparable assets that indicate value patterns and/or trends in the market of the subject asset.



## ASSET DEVELOPMENT TIMELINE

### Major Milestones

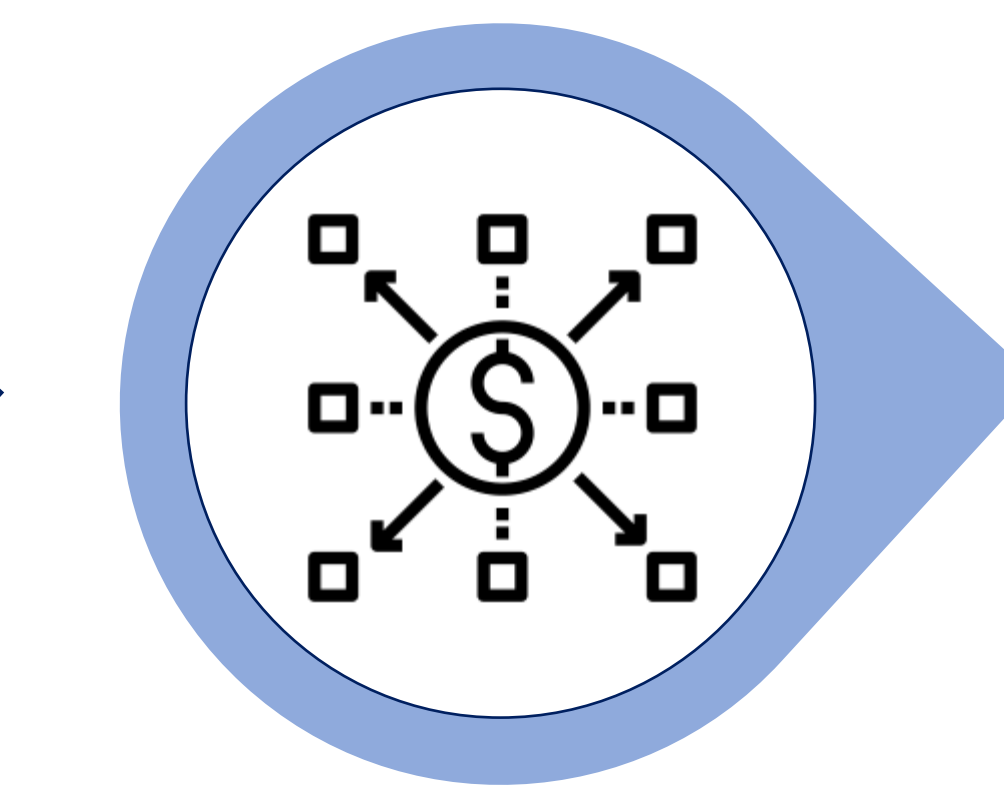
- ✓ Site Control
- ✓ Permitting
- ✓ Interconnection
- ✓ PPA



## COST SEGREGATION



Project Costs



- Deep dive on the cost data
- Allocation of Indirects
- Assignment into appropriate property classes



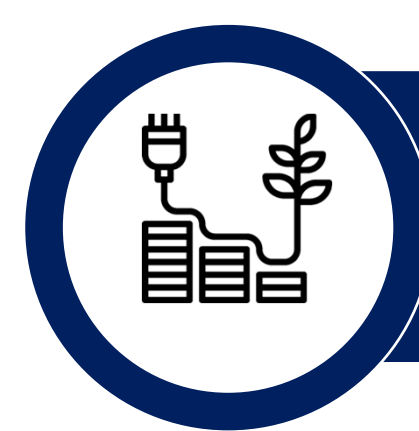
Financial Accounting & Management Reporting Purposes



Unaudited ITC Purposes



Tax Depreciation Purposes (Federal Income Tax)



## IRA ITC & PTC ADDER CREDITS

### PTC Calculation

$$\text{kWh Produced} * 0.3\text{¢} * \text{Inflation Factor}$$

Condition	ITC	PTC
Base Credit	6%	0.3¢
Prevailing Wage & Apprenticeship Requirement Met:	30%	0.3¢*5
Domestic Content Adder:	10%	10%
Energy Community Adder:	10%	10%
*Low Income Community: Either category 1 or 2 or 3 or 4.		
Category 1-Low-income community 45D(e)	10%	N/A
Category 2-Located in Indian Land	10%	N/A
Category 3-Qualified low-income residential building project	20%	N/A
Category 4-Qualified low-income economic benefit project	20%	N/A

\* Only one of four listed categories can be chosen

