

GE  
Energy Financial Services

Financing Solar in Hard Times:  
An Investor's Perspective

Steven Taub

February 20, 2009



imagination at work



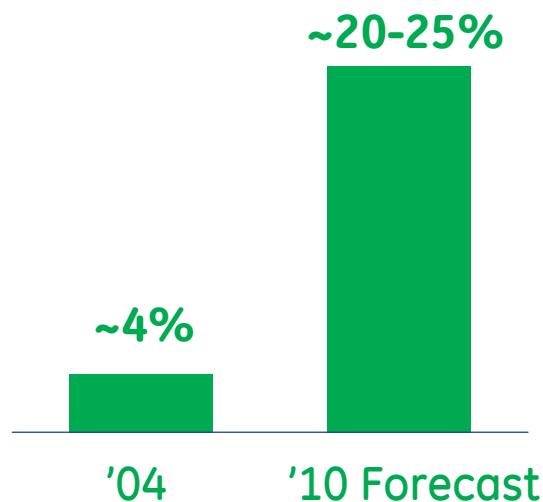
# GE Energy Financial Services' strengths



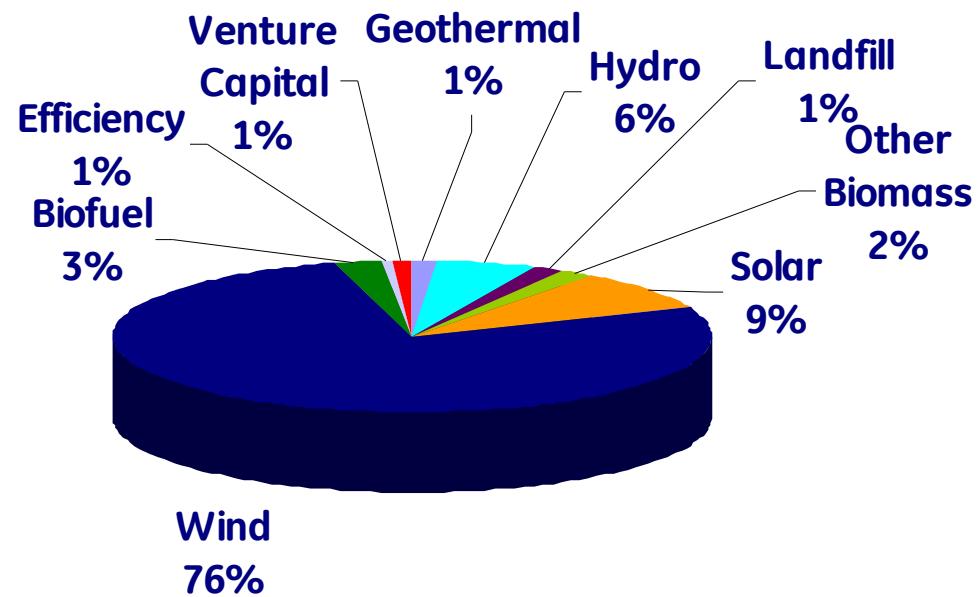
imagination at work

# Accelerated renewable energy investing since 2004

## Renewable assets % of EFS portfolio



## Diverse mix of technologies



**\$4B+ invested since 2004  
Goal... \$6B invested by 2010**

# Financial crisis affecting renewable energy tax incentives ...

## Small investor base

- Only ~20 past investors in wind, solar & geothermal projects
- Requires large tax appetite
- Returns favor levered balance sheets
- Illiquidity requires predictable tax appetite
- Passive-loss and at-risk rules exclude all but C-corps
- Non-financial firms lack capability to underwrite

## Financial crisis\*

### Failures

LEHMAN BROTHERS



FORTIS



WACHOVIA

### Losses

Morgan Stanley



### Carryover tax losses from acquisitions



JPMORGAN CHASE & CO.

With fewer players, less capital and tax base to utilize PTC/ITC, renewable energy financing dries up



imagination at work

\* Firms listed were investors in wind, solar or geothermal in '07/'08

4 /  
GE Energy Financial Services /  
December 4, 2008

# American Recovery and Reinvestment Act: A Green Stimulus

- ü Modify tax incentives to expand pool of potential investors in renewables
- ü Loan guarantees for commercial technology
- ü 30% tax credit for manufacturing
- ü Billions for energy efficiency, transmission and smart grid



# What does the stimulus mean for project finance?

Developers still want investors who can use the depreciation benefits

New investors attracted by higher returns, lower risks

Less “tax equity”, more sponsor equity, debt and leases

Solar, wind, etc. compete for capital; who wins?

New transmission will eventually tap remote resources

Effectiveness of loan guarantees TBD

# What does the stimulus mean for venture capital?

Creates demand for new technology ... but few start-up companies are ready to take advantage

Other fundamentals remain weak, but for how long?

- > Decline in conventional energy prices
- > Oversupply of materials, equipment and services
- > Difficult for customers to finance purchases
- > Uncertain ability to raise capital in the future

Large projects & manufacturing plants still challenging

Contact:

Steven Taub

Senior Vice President, Investment Strategy

GE

Energy Financial Services

One Financial Center

Boston, MA 02111

Phone: (617) 692-6016

Email: [steven.taub@ge.com](mailto:steven.taub@ge.com)

[www.geenergyfinancialservices.com](http://www.geenergyfinancialservices.com)



imagination at work

GE Er

8 /  
December 4, 2008