Models for Microgrids: Project Finance, Tax Credits and Opportunity Zones

MICROGRID 2019 CONFERENCE
MAY 15, 2019

Jerome L. Garciano, Esq., LEED AP, CPA
jgarciano@rc.com
Project Finance Tax Credit Structure

- One time tax credit of 30% of eligible costs
- 1-Year Income Tax Credit
- 5-Year Compliance Period

- Renewable Energy Facility
- Partnership Flip Exit Structure
- SMART, SRECs and other operating subsidies

Bank(s)
(Investor)

$2,800,000
Equity
$3,000,000
Tax Credit

Syndicator
(Broker)

$2,700,000
Equity
$3,000,000
Tax Credit

Owner LP

$10,000,000
Total Project Cost

$7,300,000
First Mortgage

Treasury IRS
(Agency)

$3,000,000 Tax Credit

Developer
(Sponsor)

1% GP

Bank
(Lender)

$2,700,000
Equity

$3,000,000
Equity

$3,000,000
Tax Credit

$3,000,000
Equity
Project Finance Tax Credit Structure

- One time tax credit of 30% of eligible costs
- 1-Year Income Tax Credit
- 5-Year Compliance Period

- Renewable Energy Facility
- Partnership Flip Exit Structure
- SMART, SRECs and other operating subsidies

$3,000,000 Tax Credit
$7,300,000 First Mortgage
$10,000,000 Total Project Cost

Developer (Sponsor)

Syndicator (Broker)

Bank(s) (Investor)

Treasury IRS (Agency)

Owner LP

Bank (Lender)
Opportunity Zone Program

- Tax breaks for equity investments in designated opportunity zones

- Investments must be made through qualified opportunity funds owning qualified opportunity zone property or businesses

- Assets must be tangible property acquired for original use or substantially improved