

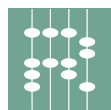
Renewable Energy Services

| INDUSTRY |



Green is the New Green.

In the renewable energy industry, opportunity is in the air. Literally. As a top 20 national CPA firm, Reznick Group advises investors, developers and power producers on the most efficient means of financing renewable energy projects.



**Reznick
Group**

ACCOUNTING • TAX • BUSINESS ADVISORY

With offices nationwide, we provide local, state and federal energy tax credit services for our clients and coordinate renewable energy advisory services at the national level.

Renewable Energy Services from Reznick Group

Reznick Group was one of the first national CPA firms to establish a renewable energy practice. Today, we provide a wide range of accounting, tax and business advisory services that assist clients in understanding and optimizing the opportunities and rewards of sustainable energy – energy that originates and can be developed from numerous natural resources like water, wind and the sun, as well as sources yet to be discovered.

With offices nationwide, we provide local, state and federal energy tax credit services for our clients and coordinate renewable energy advisory services at the national level.



Our clients include investors, entrepreneurs, developers and independent power producers committed to the development of renewable energy infrastructure. We also advise local, state, and federal agencies and governments.

Our technology focus today includes wind, solar, geothermal, biomass and energy efficiency.

Navigating the Economics of Renewable Energy

Through a variety of initiatives and financial incentives, the U.S. government and governments around the world are encouraging businesses and individuals to support renewable energy. The strategy is working. According to the U.S. Energy Information Administration (EIA), U.S. power capacity from renewable energy sources reached 115,459 megawatts in 2008. That's up 19 percent from the 96,357 megawatt capacity in 2004. In addition, wind capacity more than tripled from 6,456 megawatts in 2004 to 23,847 megawatts in 2008. When considering the net power generation from all renewable energy sources, 371,688,391 thousand kilowatt hours were generated in

2008, up 6 percent compared with 2004, the U.S. EIA reports.

More renewable energy than conventional power capacity was added in 2008 in both the United States and the European Union for the first time ever, according to REN21, a global policy network that provides a forum for international leadership on renewable energy, in its latest Renewables Global Status Report.

While these numbers are encouraging, the economics of financing renewable energy projects can be challenging because of the high capital costs. In an effort to combat this, a number of financial incentives have been created in the form of tax credits, grants and income exclusions for investment in renewable energy or efficiency projects. These incentives are available through the U.S. and some state income tax codes. Other countries have established similar financial incentives. Moreover, numerous governments have enacted new policies and set ambitious targets for renewable energy in recent years.



In the United States, the American Recovery and Reinvestment Act (ARRA) of 2009 provides numerous renewable energy tax incentives for businesses. Specifically, through ARRA's Section 1603 program, billions of dollars have been awarded to companies committed to investing in domestic renewable energy production.

The Section 1603 program provides cash grants to energy producers in lieu of tax credits; payments up to 30 percent of the qualifying cost of each project may be awarded. Section 1603 grants are designed to improve project viability, enabling companies to create and

retain jobs and establish sufficient financing bases for projects that might otherwise not be possible, according to the U.S. Department of Energy.

With proper tax and legal structuring, the economic benefits of the tax credits, deductions, and cash assistance can be allocated to investors who bring cash to an energy project in exchange for those benefits. However, the complexity of the tax code, and the general lack of comprehension of complex federal and state tax laws, often thwart potential investors. Viable energy projects remain on the drawing board. This often occurs because the requisite tax advice is not sought, and thus a critical source of equity financing may be overlooked by decision makers.



Our Technology Experience

Wind

Reznick Group provides accounting, tax and business advisory services for utility-scale wind projects as well as community projects. Our clients include wind energy developers, lenders and investors as well as power companies.

Solar

We work with clients of all sizes involved with both solar PV and solar thermal projects. These clients include utility-scale installations, solar manufacturers, commercial properties and multifamily residential housing.

Biomass

We provide financial services for privately and publicly owned biomass projects. Our clients include industrial and municipal facilities, public utilities and independent developers.

Other Technologies

- Combined heat and power
- Fuel cell technology
- Geothermal
- Landfill gas
- Microturbines
- Offshore wind

From the beginning, Reznick Group has been able to impart to clients a thorough understanding of the many tax credit opportunities available to them as they embark on their renewable energy projects.

Reznick Group – Your Team for Renewable Energy

Our Renewable Energy Practice comprises a multidisciplinary team that includes accountants, energy specialists, engineers and policy analysts. In each engagement, we advise clients on the most efficient means of financing and capitalizing renewable energy projects by providing a deep understanding of the renewable energy industry and its available technology.

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As the renewable energy industry has evolved and grown, so have our experience and practice. We've kept close tabs on the ever-changing tax codes and policy changes. We have also served in advisory roles to legislators shaping those codes and policies.

Our clients have evolved as well. Early on, we worked with developers and entrepreneurs building renewable energy facilities, such as wind farms, as well as investors making capital investments in those projects. In more recent years, our practice leaders have begun working closely with governments to develop financing and policy solutions intended to encourage renewable energy development.

In addition, municipalities and other tax-exempt entities seek our advice on ways to participate in renewable energy projects cost-effectively. We are working with them to leverage special provisions in the U.S. Tax Code. These provisions allow for between 40 and 60 percent of certain renewable energy projects to be paid for without the use of municipal or tax-exempt funds, or by borrowing if special rules are followed.

Our American Recovery and Reinvestment Act advisory services, which are designed to help clients take advantage of the many financial incentives outlined in the Act, are a growing part of our business.





Our Accounting, Tax and Advisory Services

Reznick Group offers a comprehensive range of services as part of our renewable energy practice. Because the renewable energy industry is marked by consolidation, technology innovation, flux in government policy and use of complex financial transactions to fund projects, businesses and individuals involved in the industry need knowledgeable advisors who will guide them every step of the way.

Our practice includes a variety of accounting and tax services. These services are rooted in our knowledge of current industry rules, regulations and pronouncements such as GAAP Consulting, which assists management in fairly recording the unique character of a renewable energy transaction and its power source.

Developer clients generally seek our services to raise the maximum capital possible within their transaction budget. We help them identify and create financial structures that complement power purchase agreements, tax equity finance,

debt and other financial incentives while minimizing counterparty risks.

Our American Recovery and Reinvestment Act advisory services, which are designed to help clients take advantage of the many financial incentives outlined in the Act, are a growing part of our business. Related to the ARRA are our Section 1603 Grant Services which include pre-application and application advisory services for the Section 1603 grant program. Our specific services include independent accountant certifications, assessments of leased property values, placed-in-service certifications, safe harbor testing and more.

Separately, we provide financial structuring services that are designed to help our clients raise the maximum capital within their transaction budget, and valuation services, which are designed to substantiate a project's economic substance and mitigate risk for stakeholders and key decision makers.

Case Study: Solar Investment Fund

Client

A U.S.-based solar developer wishing to launch a solar investment fund.

Situation

By establishing a solar investment fund, the client was positioned to take advantage of two tax-related opportunities that could significantly benefit the investors – available investment tax credits and MACRS depreciation.

Challenge

The client had developed a business plan targeted to a very specific group of investors. However, the client was unaware that the investor group being targeted had tax code mandated barriers in place that would significantly limit the tax advantages that would be delivered through the fund.

Reznick Group Solution

Reznick Group provided a comprehensive analysis of the fund's business plan, including the tax code obstacles faced by the targeted investors. Reznick Group then recommended a revised business plan targeted to a new group of investors. As part of this, Reznick Group provided a detailed accounting of the facts and the key tax issues that were facing the solar investment fund. This gave the client an understanding of how to structure the fund for the future.

Results

Based on the analysis of the fund and recommendations moving forward, the client repositioned its solar investment fund so it could benefit from the tax-structured finance options identified and recommended by Reznick Group.

In Focus: Section 1603 Advisory Services

Section 1603 of ARRA enables renewable energy facility owners or lessees to qualify for up to a 30 percent cash grant instead of the federal energy investment tax credit under Internal Revenue Code Section 48.

Reznick Group offers a menu of advisory services that can help your organization take advantage of these financial incentives.

We can also provide a detailed analysis of alternative and competing tax and financial structures that could be highly beneficial to your business.

Pre-Grant Application Advisory Services

Applicants must be fully aware of all the requirements, limitations and deadlines of the Section 1603 grant program. If any of these are not met, it is unlikely that an application will be approved.

Reznick Group can help you prepare for the application process. We will help determine if your project is fully eligible for the grant and whether it will meet the requirements stipulated in the grant guidance documentation



once your application is submitted. We will also advise you on the ideal timing for your application submission.

Application Advisory Services

The Section 1603 grant application is Internet-based and user friendly. However, to qualify you must prepare and submit a number of required certifications and verifications of expenditures and operation. These vary according to the type of renewable energy property contained in the project.

We can help you prepare and process the various supporting materials and certifications that must be submitted with your grant application.

We assist clients with an independent accountant certification of the cost structure of a renewable energy property, which is required for all grant applications with a cost basis exceeding \$500,000. If you are applying for a payment of \$1 million (eligible cost basis exceeding \$3.33 million) or more for a specified property, you must submit an independent accountant's

Reznick Group completes more than 300 cost certifications each year under myriad federal and state programs.

examination opinion attesting to the accuracy of the costs claimed as the basis of the property. For requested payments of less than \$1 million (eligible cost basis greater than \$500,000 but less than \$3.33 million) you may submit a report of Agreed Upon Procedures (AUP) with your application. The report may be





submitted in lieu of an examination report, but it must be prepared by an independent accountant. We complete more than 300 cost certifications each year under myriad federal and state programs.

While a lessor eligible for a Section 1603 payment may elect to pass through the payment to a lessee, an independent assessment of the fair market value on the date the property is transferred to the lessee must be conducted under the program's requirements.

Documentation must be provided to demonstrate that your property has been placed in service, and an independent third party must be used to certify that your equipment has been installed and tested and is ready and capable of being used for its intended purpose.

A Section 1603 grant application may treat physical construction as having started if more than 5 percent of the total cost has been incurred or paid. We can provide a "5 percent test" of total costs to tell if you are in compliance.

You must also apply for several identifying data elements, including a Data Universal Numbering System from Dun and Bradstreet

and registration with the Central Contractor Registration. Reznick Group can make sure that all required applications and registrations are fulfilled.

Learn More:

Including Reznick Group as part of your renewable energy project team will provide you with access to a depth of knowledge and experience unparalleled in our industry.

For more information on how your business can benefit from our renewable energy industry services, visit:

www.reznickgroup.com/renewableenergy

Case Study: Wind Power Project Finance Advisory

Client

An experienced global wind developer. The client risked a bonus payment for meeting the project commercial operation date because a NYSE tax equity investor threatened to revoke its investment commitment due to financial reporting concerns.

Situation

The client, backed by U.S. and non-U.S. owners, had substantial experience in financing wind power plants throughout the world under various incentive regimes. However, with limited experience in the United States, the client, attorneys and financiers agreed to a new financial closing date. A new closing date was established to factor in the opportunity to use an investment tax credit or grant in lieu of the production tax credit. Less than 45 days before the scheduled close, the tax equity investor and its auditor expressed concerns with the financial reporting implications of the transaction.

Challenge

The tax equity investor's chief accounting officer did not have experience in the power industry and raised significant concerns about the ongoing financial reporting obligations of the investment, as well as its complexity.

Reznick Group Solution

Reznick Group restructured the transaction to provide economic benefits to the client and its U.S. owners. The firm also illustrated the U.S. GAAP implications to tax equity to provide added reassurance to the client's auditors.

Results

The global wind developer retained its NYSE tax equity investor, reduced its project cost of capital by 20 bps and earned the maximum development profit.

About Reznick Group

Reznick Group is a top 20 national CPA firm providing accounting, tax and business advisory services to clients nationwide. The firm's industry experience includes affordable housing, financial services, renewable energy, healthcare, nonprofits, professional services, commercial real estate and technology.

For more information, visit:

www.reznickgroup.com