### **Doc 017 | High Mesa Hybrid Energy – Construction & Term Loan Proposal (Long / Renewable Infrastructure)**

**Overview** High Mesa Hybrid Energy is a 60 MW combined solar + battery facility in New Mexico proposed by Desert Peak Renewables LLC. The sponsor requests a **$62 MM construction-to-term facility** on total costs of **$74 MM (≈84 % LTC)** to fund EPC completion and tax equity bridge.

**Capital Breakdown**

| **Item** | **Amount (USD MM)** | **Notes** |
| --- | --- | --- |
| Solar CapEx | 54.0 | 200 k panels (455 W) |
| Battery System | 11.5 | 2-hr storage @ 20 MW |
| Interconnect & Soft | 5.8 | includes road + permit |
| Contingency | 2.7 | 4 % allowance |
| Total Cost | 74.0 | Rounded |
| Loan | 62.0 | 84 % LTC |
| Equity | 12.0 | sponsor + tax equity pre-fund |

**Assumptions & Economics**

* PPA: 20-year fixed price, **3.7¢ / kWh** with regional co-op.
* Production: 155 000 MWh / year.
* Opex: 1.1 MM / year.
* EBITDA: 4.63 MM.
* Debt service (7 %, 18 yrs): 4.0 MM → DSCR ≈ **1.15×**.
* IRR (levered): **9.5 %** base case; sensitivity: +100 bps rate → 8.4 %.

**Issues / Risks**

1. **Counterparty Credit:** Offtaker BBB– with exposure to coal retirements.
2. **Battery Cost Uncertainty:** Supplier quote from 2024; escalation +10 % possible.
3. **Curtailment:** Curtailment clause limits offtake to 90 % output; not reflected in PPA cash flow model.
4. **Tax Equity Bridge:** Not yet executed; sponsor contribution timed last minute.
5. **Weather Sensitivity:** DSCR drops below 1.0× if irradiance –7 %.

**Mitigants**

* DOE guarantee eligibility under §1706 program may improve rating.
* Sponsor to fund contingency and overcollateralize DSRA for 12 months.

**Recommendation** Proceed only if sponsor funds 2 MM extra equity and PPA curtailment scenario is modeled. Cap loan at ≤ 58 MM to keep DSCR ≥ 1.20×.