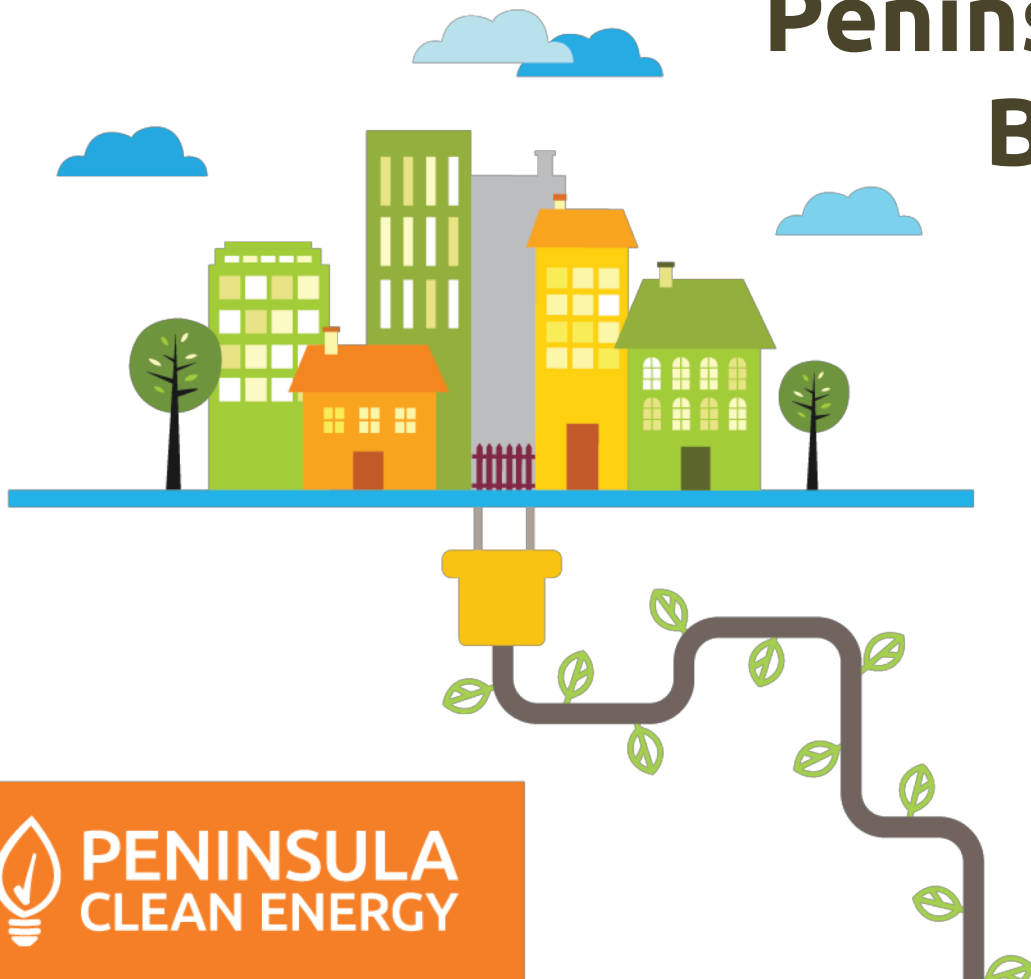


# Peninsula Clean Energy Board of Directors Special Meeting

November 26, 2018



**PENINSULA  
CLEAN ENERGY**

# **Agenda**

**Call to order / Roll call**

**Public Comment**

**Action to set the agenda**

# Special Meeting Agenda

1 a. Authorize the Chief Executive Officer to execute an amendment to the Power Purchase Agreement (PPA) for Renewable Supply with Mustang Two Whirlaway LLC, a Delaware Limited Liability Company, and any necessary ancillary documents. (Action)

1 b. Authorize the Chief Executive Officer to execute a letter consenting to a change of control of the Power Purchase Agreement (PPA) for Renewable Supply with Mustang Two Whirlaway LLC, a Delaware Limited Liability Company, and any necessary ancillary documents. (Action)

# RE Mustang Two Section 201 Delay and Change of Control



PENINSULA  
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## a. Amendment for Section 201

- PPA includes a Guaranteed Construction Start Date and Guaranteed Commercial Operation Date (COD):
  - PPA allows for an extension of the Guaranteed Dates if there are tariffs imposed on solar panels under Section 201 of the Trade Act of 1974.
  - The Section 201 Tariff was signed by President Trump on January 23, 2018 placing a tariff on imported solar cells and modules for a period of four years starting February 7, 2018.
  - The tariff was initially set at 30%, and declines 5% per year. The tariff also includes 2.5 GW of exempt solar cells per year.

## a. Amendment for Section 201

- The issuance of the Section 201 Tariff has created turmoil in the solar module and cell market as manufacturers, developers, and suppliers attempt to plan and account for the shocks to pricing, supply, and demand.
- The chart below provides excerpts from a Greentech Media report\* covering the expected increased module pricing due to the Section 201 tariff.

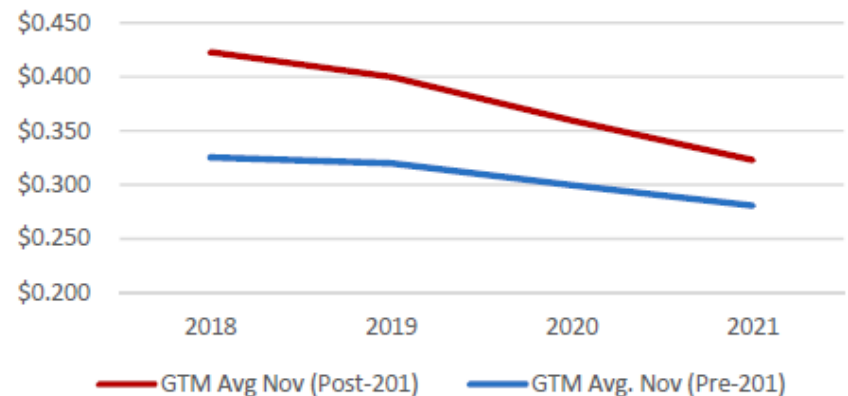
### Section 201 Tariff Impact

GreenTech Media forecasts the below post-201 average module pricing increases\*:

Year	\$/W Increase	% Increase
2018	\$0.098	30%
2019	\$0.08	25%
2020	\$0.06	20%
2021	\$0.042	15%

\*GTM Prices based on data from GTM Global PV System Pricing H2 2017 Data Report. Average prices based on: China, Philippines, Mexico, Canada, and Thailand.

Section 201 Impact to Module Pricing  
\$/W



## b. Consent to Change of Control

- Under Article 14 of the PPA, any Change of Control of Seller requires the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.
- RE Mustang Two team notified PCE that they are contemplating a sale to Solar Frontier Americas and are seeking PCE's consent.
- Solar Frontier Americas is a solar developer and IPP; it is the U.S. arm of a Japanese solar developer
  - Entered the U.S. market in 2010 and constructed 200 MW of solar in the past 36 months.
  - Their current development portfolio is 500 MW and they are looking to grow that to 1 GW.
  - End of 2017 – Decided to become an IPP and to own and operate projects over the long term

## b. Consent to Change of Control

- Solar Frontier is owned by Showa Shell Sekiyu, which is publicly traded on the Tokyo Stock Exchange
  - \$5B U.S. market cap
  - Strong credit ratings:
    - Rating and Investment Information, Inc. (R&I): A
    - Japan Credit Rating Agency (JCR): A; Outlook Stable
- Showa Shell also owns a thin film module manufacturing facility with 1 GW of capacity. Solar Frontier Americas may use these modules, but will evaluate all options.
- Generation business owns and operates 700 MW of natural gas, solar, biomass and storage assets and just announced acquisition of 1.2 GW combined cycle gas plant in Ohio, which will come online in 2020.
  - 20 solar projects in Japan totaling 70 MW
  - 12.5 MW battery storage



# Regular Agenda

**Adjourn**