

2017 Annual Greenhouse Gas Impact Report

Fund IV: New Energy Capital Infrastructure Credit Fund

Fund III: Alliance Fund II

Fund II: Alliance Fund I



NEW ENERGY CAPITAL

Executive Summary

In 2017, the solar, biofuels, and fuel cell projects funded by New Energy Capital Partners offset over 2,132,000 metric tons of carbon dioxide equivalents. This figure represents investments from the New Energy Capital Infrastructure Credit Fund (NECICF - Fund IV), the Alliance II Fund (Fund III), and the Alliance I Fund (Fund II), and has increased by 80% as compared to that of 2016.



Maximizing Returns in the Clean Energy Industry

Since 2004, New Energy Capital Partners has created portfolios of clean energy assets that offer strong, stable, and predictable financial returns. By investing in a high-growth market with significant environmental and social benefits, investors can maximize returns while investing in a socially responsible way.

2017 Highlights

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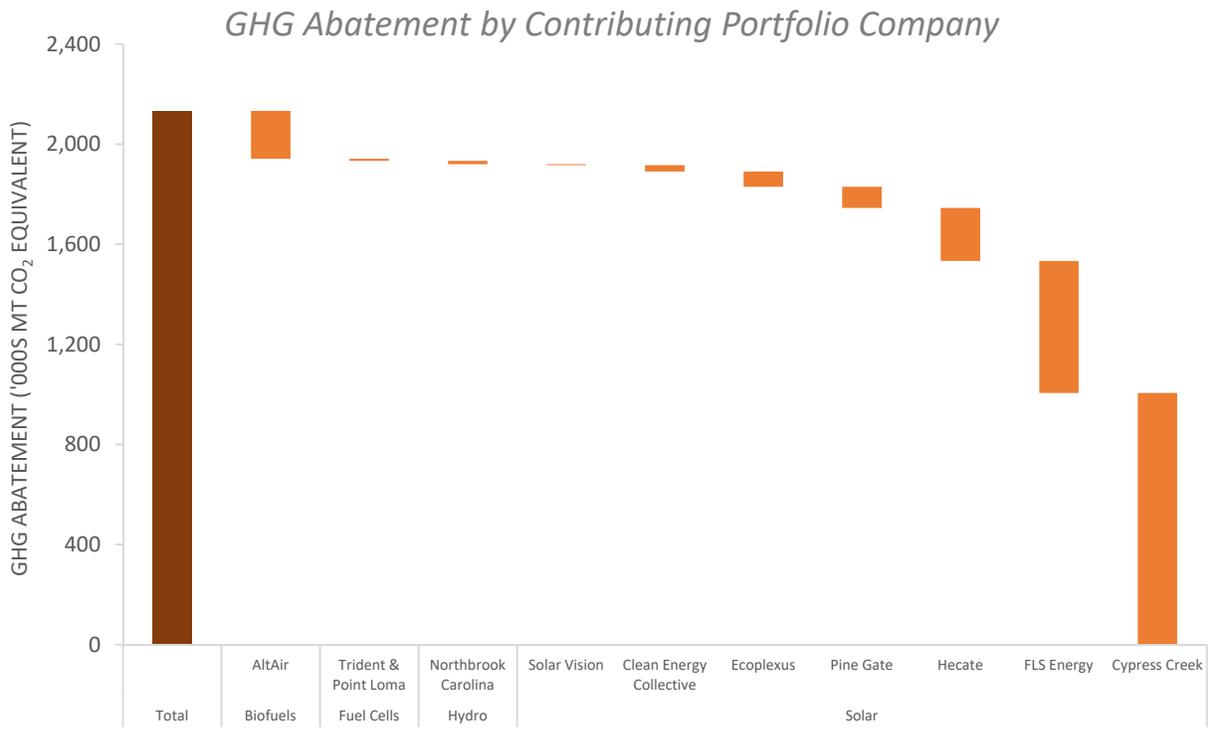
In January, Pine Gate Renewables announced the start of commercial operations at two 14 MW solar facilities in Darlington County, South Carolina and Deschutes County, Oregon.
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In April, Ecoplexus starts construction on a 45 MW project, its first in the State of Minnesota.
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In August, Governor Terry McAuliffe announces that Hecate energy has received a permit for a 20 MW utility scale solar facility in Northampton County, Virginia.
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In December, Cypress Creek announces plans for a 550-acre solar farm in Orangeburg County, South Carolina.

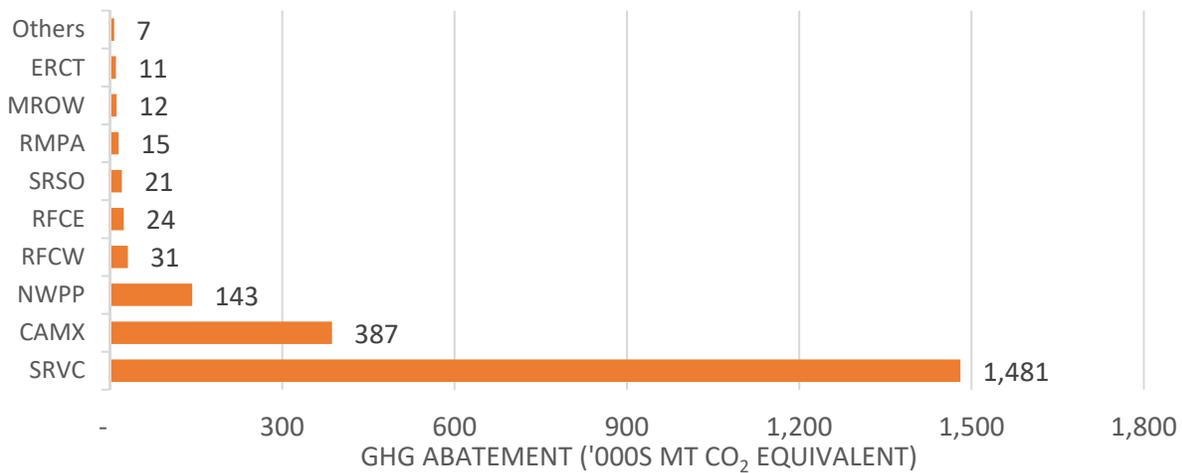
2017 GHG Abatement Summary



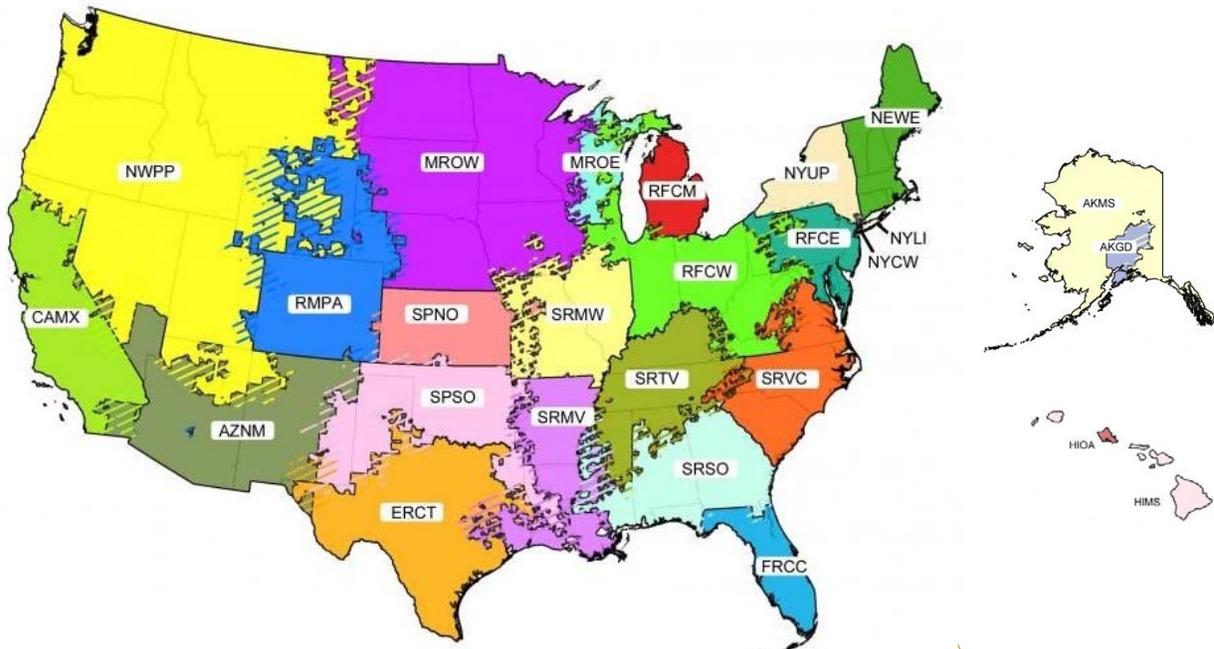
Greenhouse Gas Impact by Region

New Energy Capital collected or calculated megawatt hour generation data for each portfolio project and used region-specific Emissions & Generation Resource Integrated Database (eGRID) emissions factors maintained by the U.S. Environmental Protection Agency (EPA) to determine the greenhouse gas (GHG) offset. This region-specific data provides a meaningful insight into New Energy Capital Partners' investments.

CO₂ Equivalents Offset by eGRID Region



The areas covered by each region are outlined below:



Solar Greenhouse Gas Emission Offsets

1,920K

Metric tons of carbon dioxide equivalents offset by solar projects

The majority of New Energy Capital's investments are in the solar sector, including solar developers, solar farms, community solar programs, and solar storage. New Energy Capital's portfolio of solar projects and developers offset 1,920K metric tons of carbon dioxide equivalents by generating more than 3.1 TWh of clean electricity in 2017.

The CO₂ offset generated by New Energy Capital's Solar portfolio is equivalent to...



Planting 49.8MM trees



Energy for 207K family homes for a year



Replacing 216MM gallons of gasoline



Removing 411K cars from the road for a year

Spotlight | Projects in Development

New Energy Capital Partners' portfolio firms were developing 270 solar projects in 2017.

When fully operational, these projects are expected to generate a further 5.0 TWh of electricity, offsetting 3,219,000 metric tons of carbon dioxide equivalents per year.



Biofuels Greenhouse Gas Emission Offsets

191_K

Metric tons of carbon dioxide equivalents offset by biofuels projects

Biofuels are fuels that are produced through biological processes. New Energy Capital biofuel projects produce fuels that power heavy equipment, airliners, and the United States Navy's Great Green Fleet. The fuels also replace natural gas to generate electricity. In 2017, New Energy Capital funded biofuels projects that offset 199K metric tons of carbon dioxide equivalent and 442K barrels of oil saved.

Spotlight | Southern Current

Southern Current is a leading developer of residential, commercial and utility-scale solar projects working across the Southeastern United States.

With 89 projects in development in 2017, Southern Current will offset over 1.3 million metric tons of carbon dioxide equivalent each year once these are operational.



Energy Efficiency and Solar: Ygrene

\$475MM

In clean energy financing provided by Ygrene in 2017.

New Energy Capital provides credit to the Ygrene Energy Fund. Ygrene is a national provider of Property Assessed Clean Energy (PACE), a financing mechanism that allows broader capital markets to invest in energy efficiency and solar energy.

We estimate that in 2017 Ygrene loans facilitated the construction of over 13.7 MW of solar capacity. Significant further GHG offsets were generated through energy efficient real estate improvements.

Methodology

Where possible, NEC collects quarterly MWh generation data from its portfolio assets and investments. To calculate 2017 emissions abatement for these projects, NEC took the realized MWh generation data and applied a regionally specific, non-baseload eGRID emissions factor to yield a total CO₂ equivalent abatement amount for each project. For biofuel projects reporting generation in BTUs, NEC converted BTUs to MWhs using a technology-specific heat rate.

To calculate the 2017 emissions abatement from developer investments, NEC compiled all of the assets that had served as collateral in NEC's investment. Using the MW size, location, and capacity factor for each installation, or NREL's US average where this was unavailable, NEC estimated the number of MWh's generated by each installation. For solar installations over a year old, NEC assumed a 0.5% annual degradation factor, and for installations that had become operational during 2017, the team prorated the MWh output based on the installation's COD date. NEC then applied the appropriate regional, non-baseload eGRID emissions factor to determine the total 2017 CO₂ equivalent offset, which controls for differences in existing generation infrastructure across the country.

The above calculations were made leveraging Greenhouse Gas Protocol guidelines/methodologies to the extent possible and provide data in-line with the Global Impact Investing Network's (GIIN) IRIS - Greenhouse Gas Emissions of Energy Generated for Sale (PI7015).

To estimate the 2017 generation capacity for Ygrene, loans recorded as exclusively for solar were multiplied by average dollars per watt for a small scale solar investment. NEC is refining a process for more accurate measurement of Ygrene's overall GHG offset.

Resources

To complete this report, New Energy Capital Partners utilized a variety of resources from the Environmental Protection Agency (EPA), the Energy Information Administration (EIA), the National Renewable Energy Laboratory (NREL), and the Global Impact Investing Network (GIIN).

