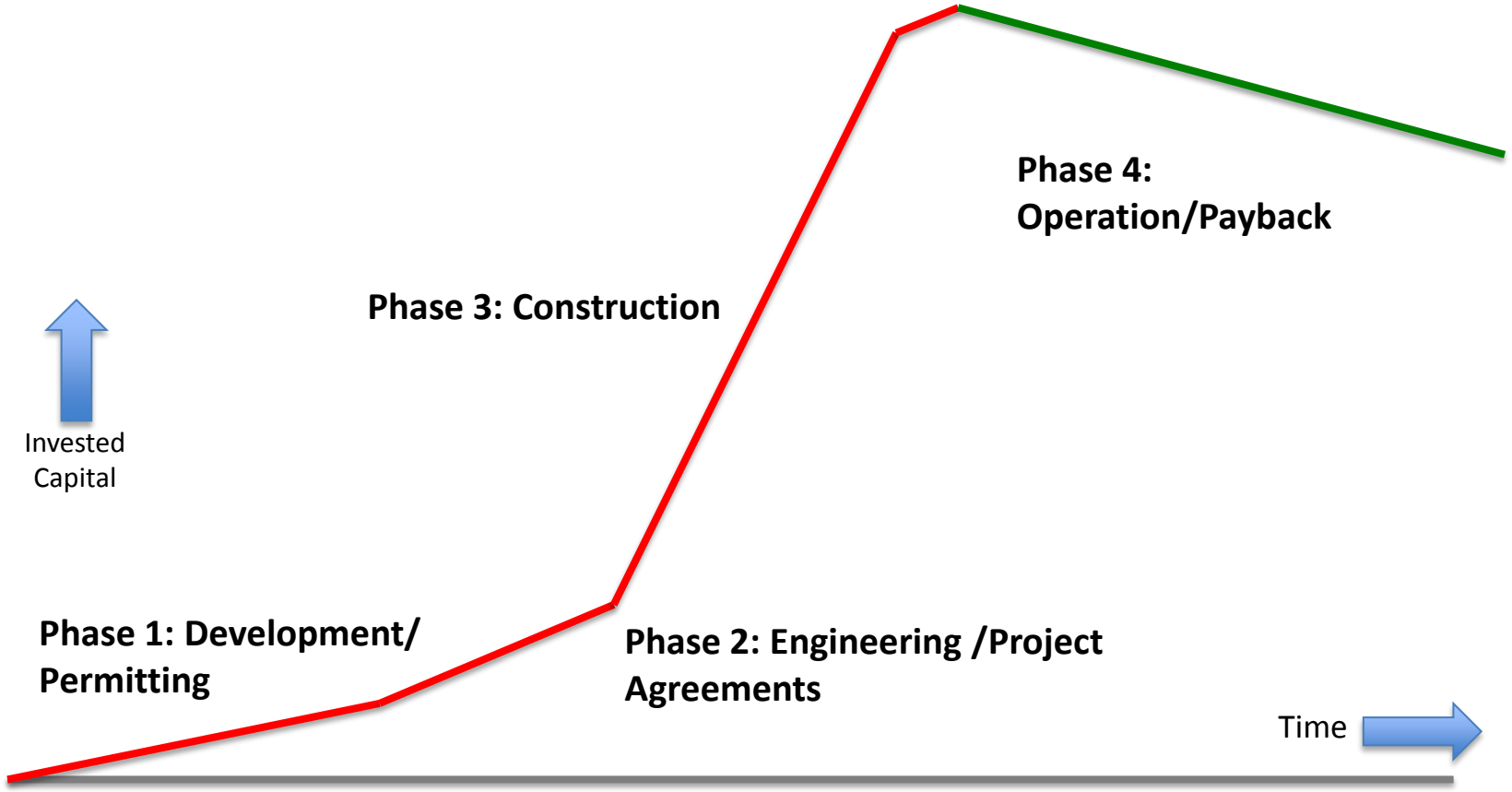
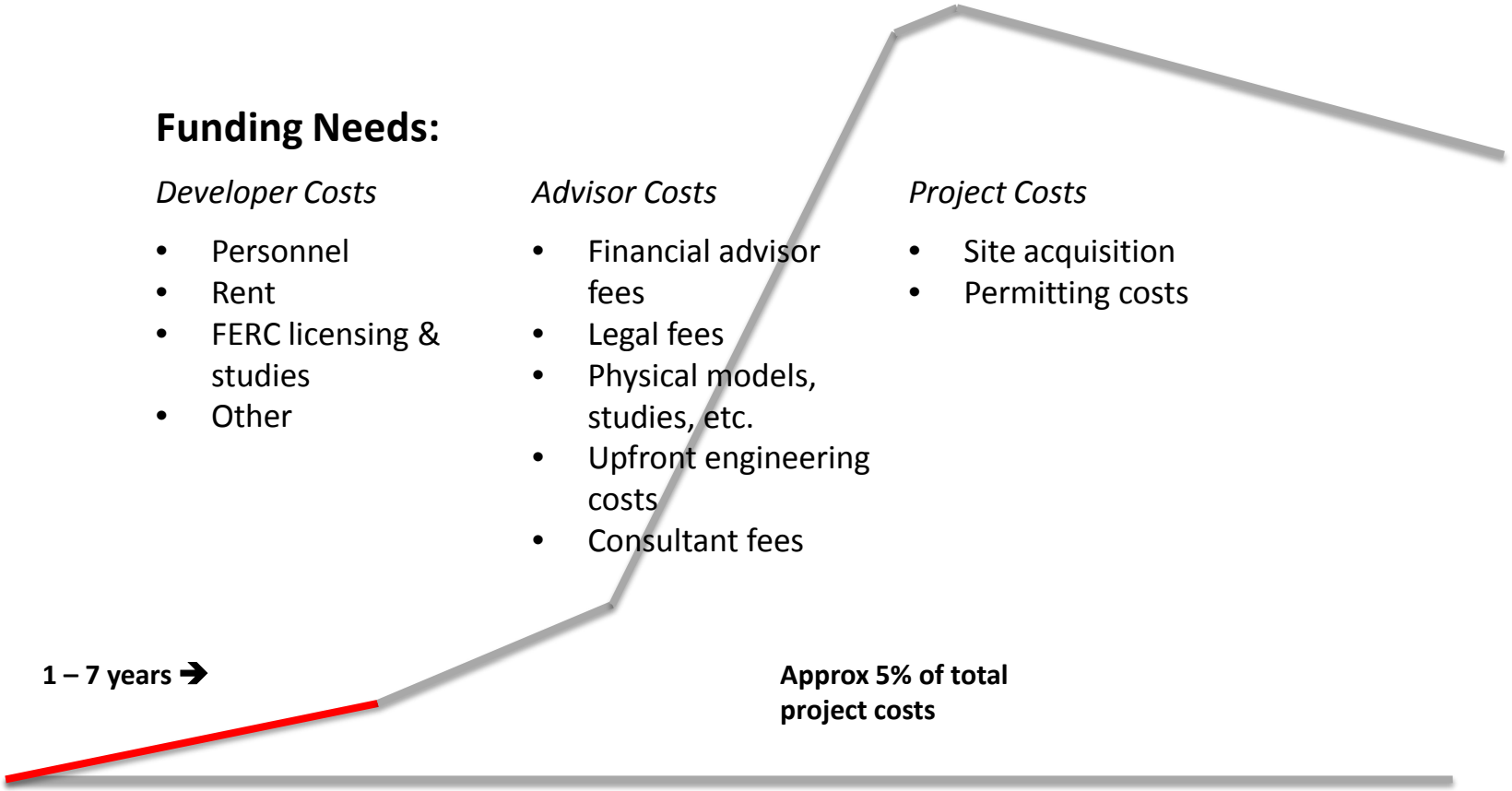


Funding an Independent Hydropower Project

Phase 1: Development/Permitting



Funding Needs:

Developer Costs

- Personnel
- Rent
- FERC licensing & studies
- Other

Advisor Costs

- Financial advisor fees
- Legal fees
- Physical models, studies, etc.
- Upfront engineering costs
- Consultant fees

Project Costs

- Site acquisition
- Permitting costs

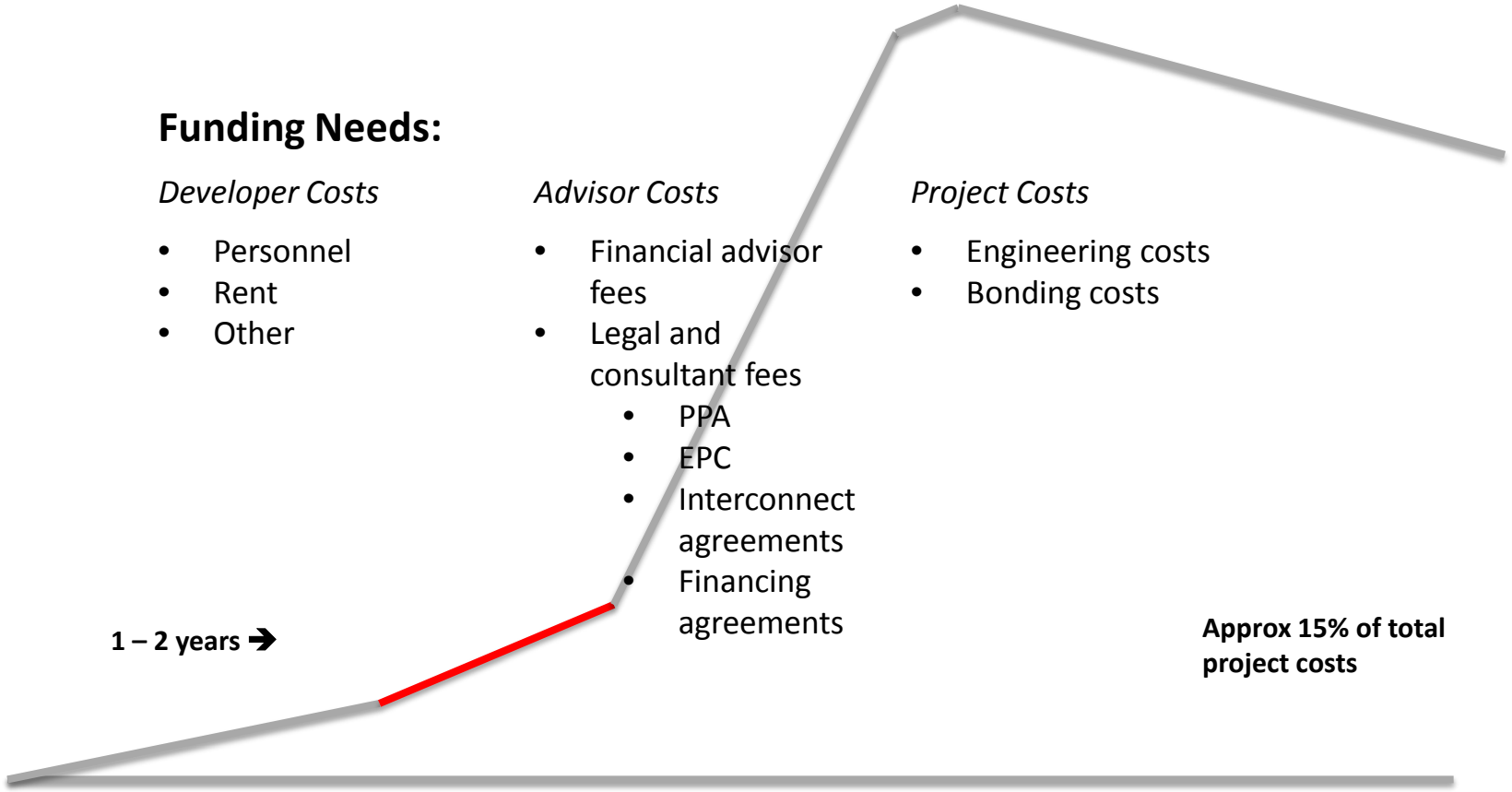
1 – 7 years ➔

Approx 5% of total project costs

Funding Sources: developer equity, subordinated loans, capacity pre-payments, private equity from funds or individuals

Issues: developer history/experience; FERC license (timing and cost); permitting (timing, environmental impacts, local opposition, federal interests)

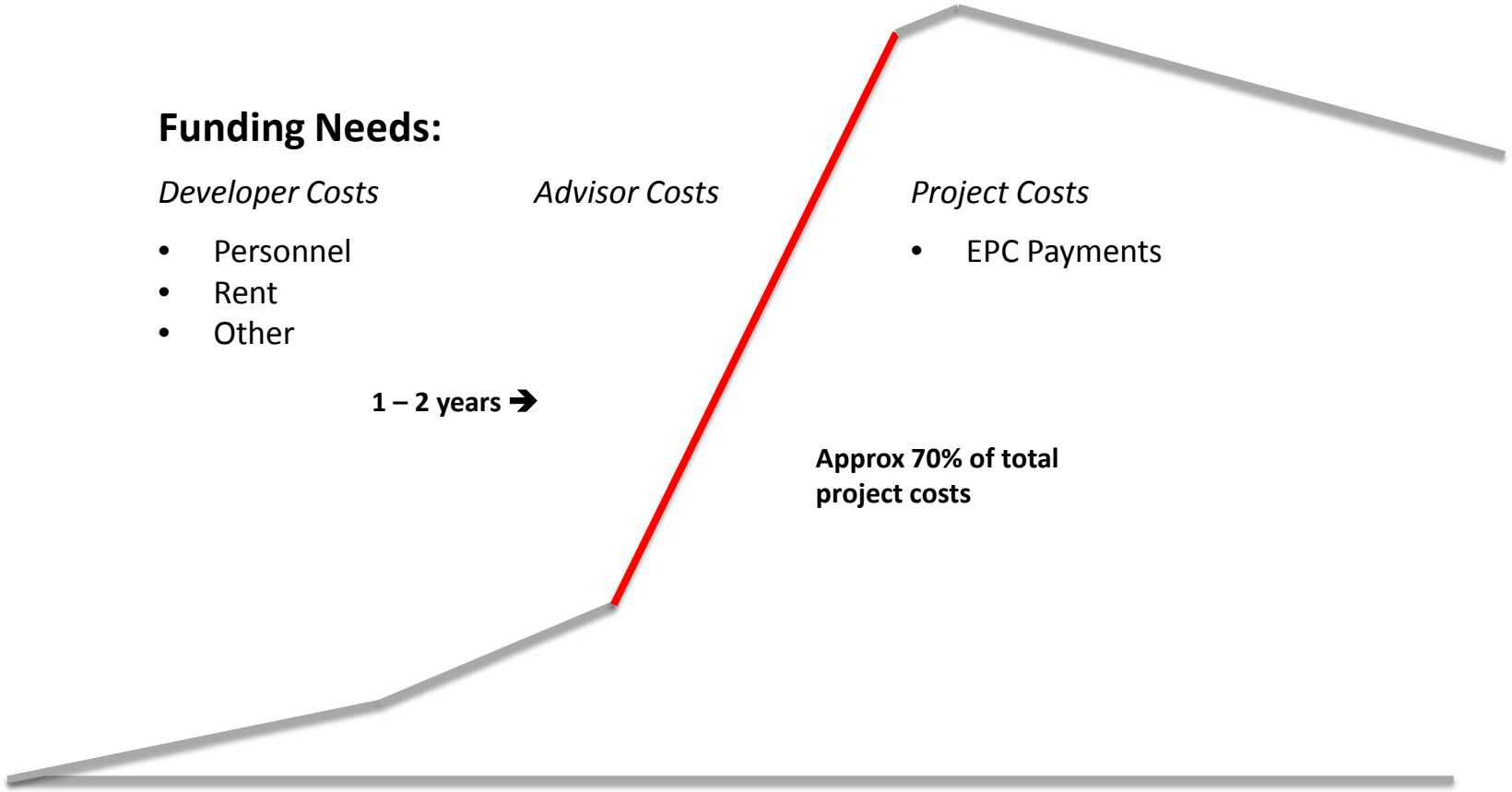
Phase 2: Engineering/Project Agreements



Funding Sources: developer equity, subordinated loans, capacity pre-payments, private equity from funds or individuals

Issues: obtaining a bank-able PPA; fully wrapped EPC or not; obtaining Army Corps or BLM sign off

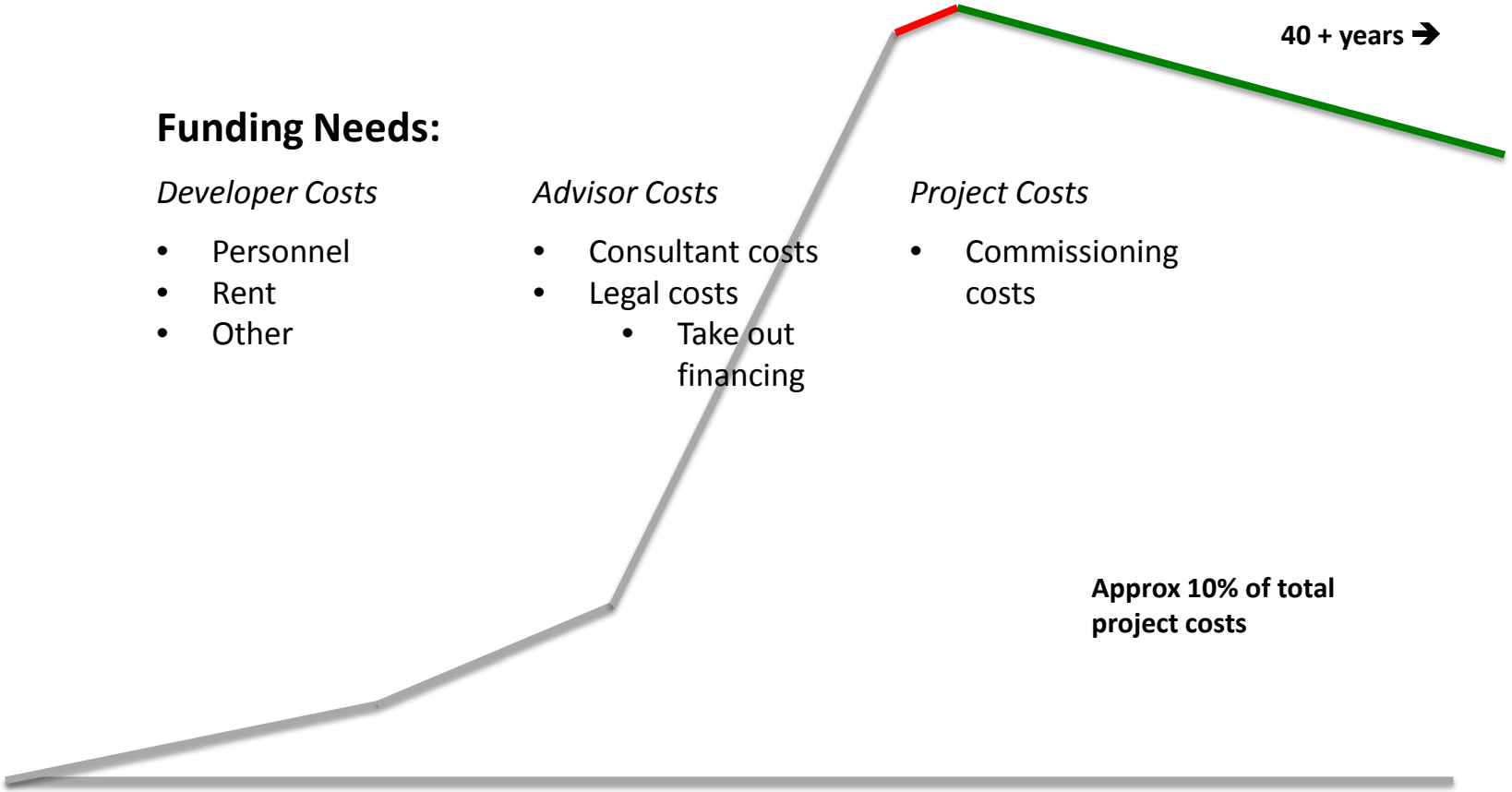
Phase 3: Construction



Funding Sources: bank/project financing; institutional lenders; bond market

Issues: interest rate risk; construction contingencies; funding of reserves

Phase 4: Operation/Payback



Funding Needs:

Developer Costs

- Personnel
- Rent
- Other

Advisor Costs

- Consultant costs
- Legal costs
  - Take out financing

Project Costs

- Commissioning costs

Approx 10% of total project costs

Funding Sources: bank/project financing; institutional lenders; bond market
Production Tax Credits/Investment Tax Credits

Issues: interest rate risk; funding of reserves