

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION
AND TRANSMISSION SITING

In the Matter of:

| | | |
|---|----------|----------------------------|
| ELECTRONIC APPLICATION OF SEBREE |) | |
| SOLAR II, LLC FOR A CERTIFICATE TO |) | |
| CONSTRUCT AN APPROXIMATELY 150 |) | |
| MEGAWATT MERCHANT SOLAR ELECTRIC |) | CASE NO. 2022-00131 |
| GENERATING FACILITY IN |) | |
| HENDERSON COUNTY, KENTUCKY AND |) | |
| WEBSTER COUNTY, KENTUCKY PURSUANT |) | |
| TO KRS 278.700 AND 807 KAR 5:110 |) | |

SEBREE SOLAR II, LLC RESPONSES TO FIRST REQUEST FOR INFORMATION

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION
AND TRANSMISSION SITING

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| WEBSTER COUNTY, KENTUCKY PURSUANT |) | |
| TO KRS 278.700 AND 807 KAR 5:110 |) | |

CERTIFICATE

STATE OF FLORIDA)

COUNTY OF Alameda **)**

Comes now Mark Patten, being first duly sworn, and states that they have supervised the preparation of the responses of Sebree Solar II, LLC to the Siting Board Staff's First Request for Information in the above-referenced case dated May 9, 2025, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



MARK B. PATTEN, IV

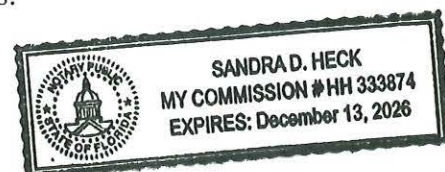
Subscribed and sworn before me on this 16th day of May 2025.

*Mark B. Patten, IV, Personally
Known to me.*



Notary ID:

Expires:



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CERTIFICATE

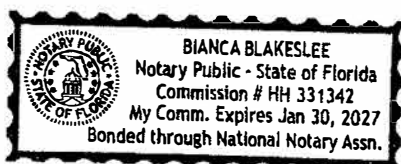
STATE OF FLORIDA)


COUNTY OF Palm Beach

Comes now Alexander Grave de Peralta, being first duly sworn, and states that they have supervised the preparation of the responses of Sebree Solar II, LLC to the Siting Board Staff's First Request for Information in the above-referenced case dated May 9, 2025, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.



Subscribed and sworn before me on this 16th day of May 2025.





Notary ID: HH331342
Expires: 1-30-2027

SEBREE SOLAR II, LLC

CASE NO. 2022-00131

RESPONSE TO INFORMATION REQUEST

SITING BOARD STAFF'S REQUEST FOR INFORMATION DATED 5/09/2025

REQUEST 1

RESPONSIBLE PARTY: Alexander Grave de Peralta

Request 1. Provide a status update for the project.

Response 1. Sebree Solar II has received the permits required by Henderson County to mobilize for construction. Sebree II is initiating the installation of Best Management Practices (BMPs) in the project area; activities include silt fencing installation, staking LOD's, and Driveway entrance installation as of May 12, 2025.

SEBREE SOLAR II, LLC

CASE NO. 2022-00131

RESPONSE TO INFORMATION REQUEST

SITING BOARD STAFF'S REQUEST FOR INFORMATION DATED 5/09/2025

REQUEST 2

RESPONSIBLE PARTY: Mark Patten

Request 2. Refer to the statement in the motion regarding anticipated tax equity, construction, and back leverage financing(s).

- a. Provide a timeline for each of the financings including an estimated month and year.
- b. Provide a description of each transaction including whether the project or any portion or any portion thereof would be used as leverage for any of the three financing requests.
- c. Provide the name of the specific party that will be responsible for ensuring the mitigation measures are satisfied for each type of financing.
- d. Explain whether the project could move forward with any one of the financings or does the situation require all three types of financing. Include in the explanation what circumstances changed since the conditional construction certificate.

Response 2.

- a. The following are the estimated timelines:
- Construction financing timeline is currently estimated as August 2025
 - Tax equity transaction timeline is currently estimated as May 2026 for contributing Sebree Solar II into the tax equity transaction portfolio.
 - Backleverage financing timeline is currently estimated as November 2026.
- b. The following are descriptions of each transaction:
- **Construction financing:** The construction financing is a revolving credit facility that provides borrower with a source of funding for development and operation expenses of a portfolio of projects indirectly held by such borrower and is sized based on the lesser of the capital expenditures made in respect of such projects or a portion of the estimated future cashflows of such projects. A newly-formed, wholly-owned ESI Energy, LLC (ESI) subsidiary will enter into the revolving credit facility as borrower (the Borrower), and the membership interests in the Borrower will be pledged as collateral for the revolving loan. Project level assets are not pledged as collateral to the lenders. Therefore, Sebree II's assets are not pledged as collateral for the loan. If Sebree Solar II is included in the portfolio, it will become an indirect subsidiary of the Borrower. Both the Borrower and Sebree II will remain indirectly, wholly-owned by ESI, which is a wholly-owned NextEra Energy , Inc. subsidiary. The proceeds from any future tax equity and/or backleverage financing of Sebree II would be utilized to pay a portion of the debt service on the loan and within a number of months after the Sebree II project achieves commercial operation, it will (1)

become part of a long term financing portfolio by being included in a tax equity transaction and/or a backleverage financing and (2) be removed from the construction financing.

- **Tax equity transaction:** Tax equity transactions are utilized to monetize available federal tax benefits. In a tax equity transaction, a third-party investor provides a capital contribution in exchange for or purchases membership interests in a tax partnership that holds a direct or indirect interest in a portfolio of projects. The membership interests in the tax partnership that are issued to the third-party investor are non-controlling, passive interests which entitle the third-party investor to a percentage of the tax benefits and cash flow generated by the portfolio of projects held by the tax partnership. The investment made by the third-party investor is an equity investment and, therefore, unsecured, meaning that the third-party investor is not granted any collateral in the tax partnership or the underlying portfolio of projects. Therefore, Sebree II's assets would not be pledged as collateral for the transaction.
- **Backleverage financing.** Backleverage financing allows borrower to leverage its share of distributions from a tax equity partnership. The borrower under a backleverage financing is created upstream from, and wholly-owns, the controlling member of a tax equity partnership. Borrower pledges as collateral for the loan its interest in the (1) tax equity partnership and (2) proceeds to any distributions made by that tax equity partnership. Assets of the projects in the portfolio of projects held by the tax equity partnership are not pledged as collateral for the loan.

- c. The project entity, Sebree Solar II, LLC, will remain responsible for ensuring the mitigation measures are met. This is true for all three types of financing.
- d. No specific circumstances have changed since the conditional construction certificate was granted. The decision to utilize these three types of financings is a strategic financing decision that includes temporary financing entered into during the development and construction phase of the project to benefit from net present value and lower cost of capital, in addition to long-term tax equity and backleverage financing that is typically put in place after commercial operation. The project can move forward without a construction financing though it is beneficial to sponsor to incorporate this type of temporary financing as part of its overall finance strategy. Regarding the tax equity transaction, being able to monetize tax credits generated by the project via a tax equity transaction is an important part of sponsor's investment strategy and long-term financing strategy. Regarding the backleverage financing, being able to leverage project cashflow is an important part of sponsor's long-term investment and financing strategy.

SEBREE SOLAR II, LLC

CASE NO. 2022-00131

RESPONSE TO INFORMATION REQUEST

SITING BOARD STAFF'S REQUEST FOR INFORMATION DATED 5/09/2025

REQUEST 3

RESPONSIBLE PARTY: Alexander Grave de Peralta

Request 3. Explain whether Sebree Solar II is current on any occupational taxes owed to Henderson County.

Response 3. Sebree Solar II is current on all occupational taxes.

SEBREE SOLAR II, LLC

CASE NO. 2022-00131

RESPONSE TO INFORMATION REQUEST

SITING BOARD STAFF'S REQUEST FOR INFORMATION DATED 5/09/2025

REQUEST 4

RESPONSIBLE PARTY: Alexander Grave de Peralta

Request 4. Provide any draft agreements for structure changes related to this motion for approval of change in ownership.

Response 4. There are no draft agreements at this time.