NEWSLETTER
March 2025

Topics Covered

True Green Capital Management LLC

True Green Capital Management LLC ("TGC" or the "Firm") is a specialized renewable energy infrastructure fund manager with a focus in distributed power generation in the US and Europe. The Firm is international with offices in Westport, Connecticut in the US and London in the UK and an investment focus across the United States and Europe.

Founded in July 2011, TGC is led by a team of professionals with a proven track record and a demonstrated capacity to originate, finance, construct, and operate distributed renewable power generation projects.

TGC believes the demand for power, the continued increase of power prices, decreasing entry costs of distributed power generation technology and the efficiency of creating and delivering price-competitive electric power at the source will continue to lead to compelling investment opportunities which provide a stable cash flow stream with low correlation to the broader markets.

TGC is currently focused on investing in the US, the UK and the EU, which account for a notable portion of the approximately $1.5 trillion global distributed power generation market, with an emphasis on the sub-utility scale solar power segment[1]. Thanks to power industry deregulation combined with rapid advancements in technology, the economics of distributed power generation, including solar and batteries, are now competitive with traditional electricity generation sources. In many US states and key European jurisdictions, it represents one of the few sources of new power generation infrastructure that can be added to the power network quickly, reliably, and cost efficiently.

To date, TGC has invested into a distributed solar power generation portfolio across 17 US states, the United Kingdom and France, delivering clean, renewable energy. US states include Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, South Carolina, Tennessee, Idaho, California, Maryland, Colorado, Illinois, North Carolina, Pennsylvania and Virginia.

For further information, contact:

info@truegreencapital.com

Or

(855) 335-5900

Sources: (1) Prophecy Market Insights

TGC Investment Thesis
Distributed Solar: A Generational Opportunity

The democratization of power, the attractive economics of solar, and the positive tailwinds resulting from the need to solve the environmental crisis combine to produce an attractive investment opportunity

Energy Transition Drivers

Society is undergoing a profound energy transition as the global energy sector shifts from fossil fuels to renewable energy sources like solar and batteries. This transformation is driven by three major forces:

1. Deregulation
2. Improved economic viability of renewables
3. Environmental crisis

Historically, the energy industry was dominated by centralized, government-controlled monopolies, which hindered innovation and consumer choice. **Deregulation**, starting in the 1980s with the UK and later in the US, introduced competition and enabled decentralized power generation, empowering individuals and communities to generate their own energy. However, this shift only became **economically viable** in recent decades due to advancements in technology and manufacturing efficiencies. Distributed solar and battery storage have emerged as cost-competitive solutions, significantly reducing energy loss vs traditional systems where approximately 65% of energy input is wasted during transmission and distribution (T&D) – See the figure to the right[1].

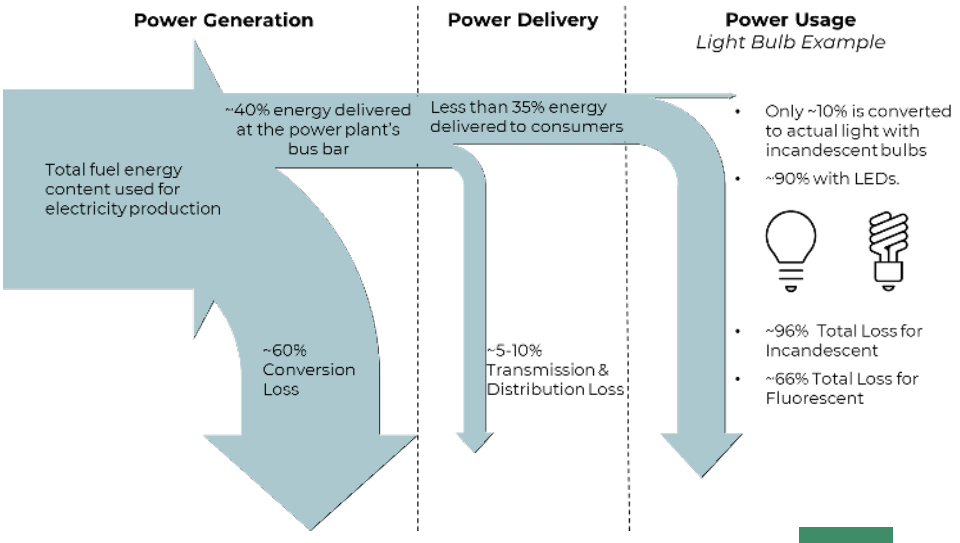
The **environmental crisis** has further accelerated this shift, as electricity generation accounts for 30% of global CO2 emissions[2].

Regulatory Support

Governments worldwide are setting ambitious renewable energy targets, such as the US Renewable Portfolio Standards, the UK's 70GW solar goal by 2035[3], and the EU's Renewable Energy Directive aiming for 42.5% renewable energy by 2030[4]. These policies are supported by initiatives like the Solar Rooftop Initiative in Europe, focusing on decentralized solar deployment. Distributed solar, defined by its direct connection to customers and independence from traditional grids, provides cost-effective, reliable energy, particularly when paired with battery storage. This model includes "behind-the-meter" systems and community solar projects, which deliver locally generated power directly to consumers. These systems bypass traditional T&D costs, offering attractive economic and environmental benefits.

Investment Opportunity

We believe the energy transition presents significant investment opportunities, with distributed solar positioned as a cornerstone of the future energy system. Rising energy prices, declining entry costs, and favorable regulatory environments create a compelling case for investing in distributed solar power generation projects, which offer stable cash flows and low market correlation. This shift towards decentralized, renewable energy aims to produce a more sustainable, cost-effective, and resilient power sector.

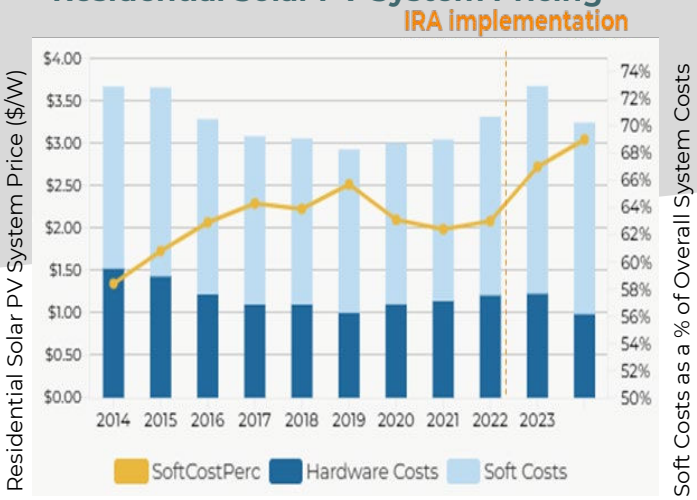


Sources: (1) EIA, GE, Calculations through TGC Analysis – Note that this is a variable calculation dependent on the type and mix of power generation, distance covered and network topology; (2) IEA;' (3) House of Commons Library; (4) European Commission

Our Perspective on the 2024 US Election

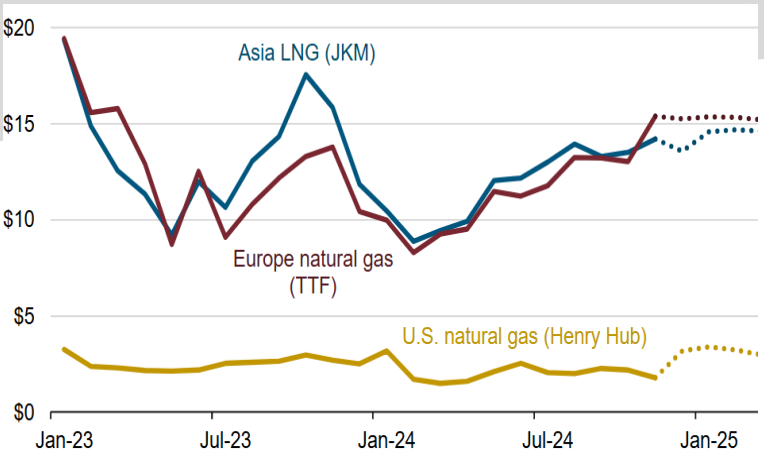
The US election in November delivered an outcome expected to transform the architecture of renewable energy markets domestically and potentially globally. In the US, the expectation is that in the near term we will see some form of modification of the Investment Tax Credit ("ITC") regime and support for drilling natural gas. We believe TGC is well-positioned to navigate the evolving regulatory environment in both the short and long term, as elucidated below.

Residential Solar PV System Pricing[1]



Monthly Spot and Forward Gas and LNG Prices[2]

Dollars per million British thermal units



Short Term Outlook (2025 – 2026)

In our view this timeframe will have more to do with politics than economics.

- **Policy Impact:** We expect the Republican focus on extending Trump tax cuts will target the Inflation Reduction Act ("IRA"), specifically cutbacks to the ITC, prioritizing cuts to wind and electric vehicle tax credits while potentially preserving a portion of solar and manufacturing incentives, as Trump himself is "a big fan of solar". We expect some form of solar ITC to survive, likely capped at or below 30% and tied to higher domestic manufacturing requirements.
- **Market Dynamics**: Distributed solar remains economically viable without subsidies, but private equity investments from 2020-2022, based on unrealistic ITC and low-interest rate assumptions, are now facing markdowns and limited funding, leaving developers financially strained.
- **Opportunity Outlook**: The current environment presents significant acquisition opportunities from semi-distressed developers at attractive valuations, positioning the Firm to capitalize on these deals with its market experience and history of navigating cyclical challenges.

"I'm a big fan of solar"

Donald Trump, ABC Presidential Debate 10 September 2024

Medium – Long Term Outlook (Post 2026)

The election does not change the Firm's fundamental belief that over the next decade, distributed solar and combined-cycle gas turbines will be the prevailing power generation technologies, as this theory is based purely on the market without subsidies.

We posit that subsidies like the ITC distort the solar market, creating economic inefficiencies by driving value to intermediaries (developers, vendors, lawyers, and tax equity partners) rather than effectively reducing project costs. As you can see from "Residential Solar PV Pricing" figure above, evidence shows that soft costs in the US residential solar sector declined significantly during the phase-down of the ITC in 2020, only to rise sharply after the IRA reinstated higher subsidies in 2022.

We expect the Trump administration will prioritize increased natural gas production and LNG exports, which would elevate US natural gas prices by closing international price arbitrages. The "Monthly Spot and Forward LNG Gas Prices" figure above shows the price differential and the potential arbitrage sizing captured by US natural gas exporters. Higher natural gas exports and demand are expected to drive up US natural gas and electricity prices, which, combined with high power demand (e.g., from data centers – Page 7), could increase solar Power Purchase Agreement ("PPA") prices by 30%-50%. Finally, higher PPA prices directly benefit solar investors by simplifying financing structures and enhancing risk-adjusted returns.

Sources: (1) SEIA/ Wood Mackenzie; (2) US Energy Information Administration

CleanChoice Energy Update

Transaction Overview

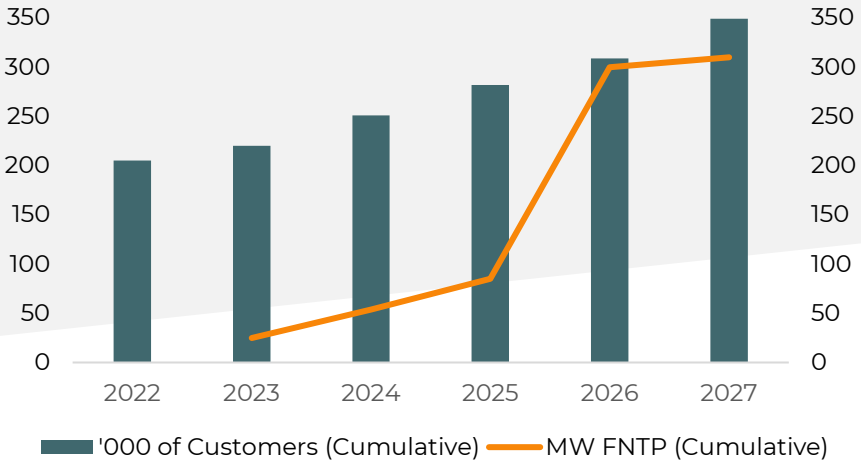
CleanChoice Energy - Generation

- Producing **green** power for the US Northeast's environmentally conscious retail customers
- $100 million from Fund IV for discretionary project level spending
- Current probability weighted pipeline of 100 MWs in addition to the projects below

CleanChoice Energy – Retail

- Operating company used to sell clean energy to retail customers
- Provides Fund IV with ~220,000 green customers and upside potential that the business transforms into a "green utility"

TGC's Plan for CleanChoice Energy

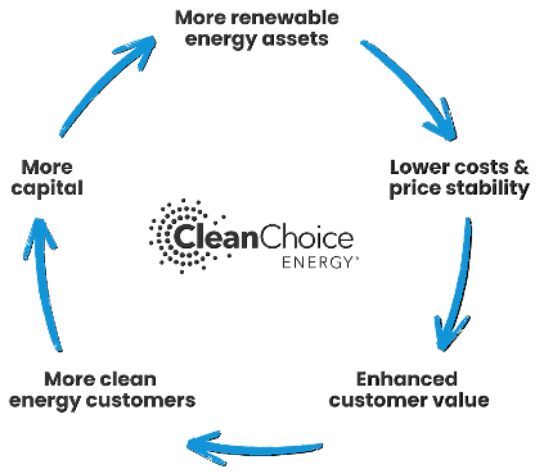


FNTP: "Full notice to proceed" pursuant to the facility's construction.

CCE GenCo Project Portfolio Expansion*

Blairs Valley

- A 25 MWdc ground mount project in Franklin, PA, that recently reached Commercial Operation Date ("COD").
- Offtake (sale of electricity) from the project will be provided to 51,000 CleanChoice Customers in PA.
- Projected to save ~$6.4MM ($5/MWh) in hedging over a 40-year lifetime.



Kylertown

- A 29.4 MWdc solar project located in Pennsylvania expected to be placed in service in 2025.
- The project is in late-stage development with an executed interconnection agreement, all necessary permits obtained, and secured site control.
- Its target construction completion is in Q4 2025.
- From a vertical integration perspective by bringing this project on-line, CCE would have hedged ~27% of retail customer book at PJM West Hub (approximately 63k customers) with projected hedge savings vs. today's power purchases of ~$9.8 million over the project lifetime.

Hawthorn and Dolan

- Two projects totaling 54 MWs in New York.
- The assets were "de-risked" from a development point of view at closing with site control, executed interconnection agreement, executed agreement for Renewable Energy Credits ("RECs") and key discretionary permits approved.
- Prior to closing, the projects had fully executed interconnection agreements and updated interconnection milestone schedules approved in writing by the local Transmission & Distribution utility.

* This investment example is a representative example of investments consummated by a TGC managed fund. This investment example is being used for illustrative purposes only and is not indicative of future projects and/or returns. The performance of such investment does not, and is not intended to, reflect the performance of a portfolio or fund nor has it been chosen with the intention of showcasing only those investments which achieved the highest returns.

UK Market and TGC's Involvement

Supportive Government

- 2.3 GW of solar approved after election
- 2030 PV Target of 50 GW
- New building standards to drive PV adoption
- Permitting reform to streamline approvals
- Pension reform & Great British Energy to drive UK infrastructure investment

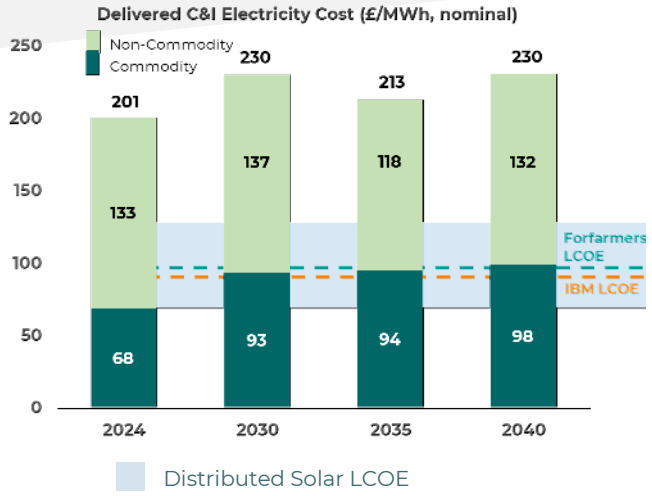
Interconnect queue slows utility scale and favors TGC's distributed model

- 701 GW queue, expected to hit 800 GW this year
- Offers being granted 6-9 years after requested date
- Policy to clear projects to be applied from 2025

Stable delivered power price outlook

- Spot price around £90-100/MWh
- Energy Intensive Industries subsidy represent only ~5% of Commercial & Industrial (C&I)

Strong Distributed Solar economics



Case Study: Clean Energy Capital*

True Green Capital Fund IV, L.P. Portfolio Company – Private Wire Strategy[1]

Transaction Overview

£100m+ platform transaction, closed in Q2 2024 with good prospects

- Long term PPA's to Large Power Users
- 5MW to 50MW segment

Highlights since close:

- Key Director hires in sales and permitting
- ~140 MW of project pipeline growth
- 5 MW entered delivery at 1 site
- ~240MW under offer across 10 sites
- Sales pipeline of ~900 MW
- Competition: first mover advantage
- Strong demand from data center segment

Customer Impact

Customer:

S&P 500 Enterprise Data Center Customer

- ~£3bn annual revenue
- Investment grade counterpart
- Existing data center

CEC Solution

- 5MW system, COD 2026
- Long term take or pay PPA with inflation linked pricing
- Install under turnkey EPC[2]

Customer Benefit

- Expected savings of 8%
- >99% consumed on site
- 'Hassle free': developed, funded, installed, maintained

1. Also known as Behind the Meter, in which a solar asset is directly connected to the point of offtake and electricity generated is used to satisfy site demand while surplus solar generation is exported to the power grid.
2. Engineering, Procurement, and Construction; EPC contractors handle the project in its entirety, from the initial design to construction and completion.
Sources: Aurora, Trading Economics, CRE.fr, Ministères Territoires Écologie Logement, Finergreen
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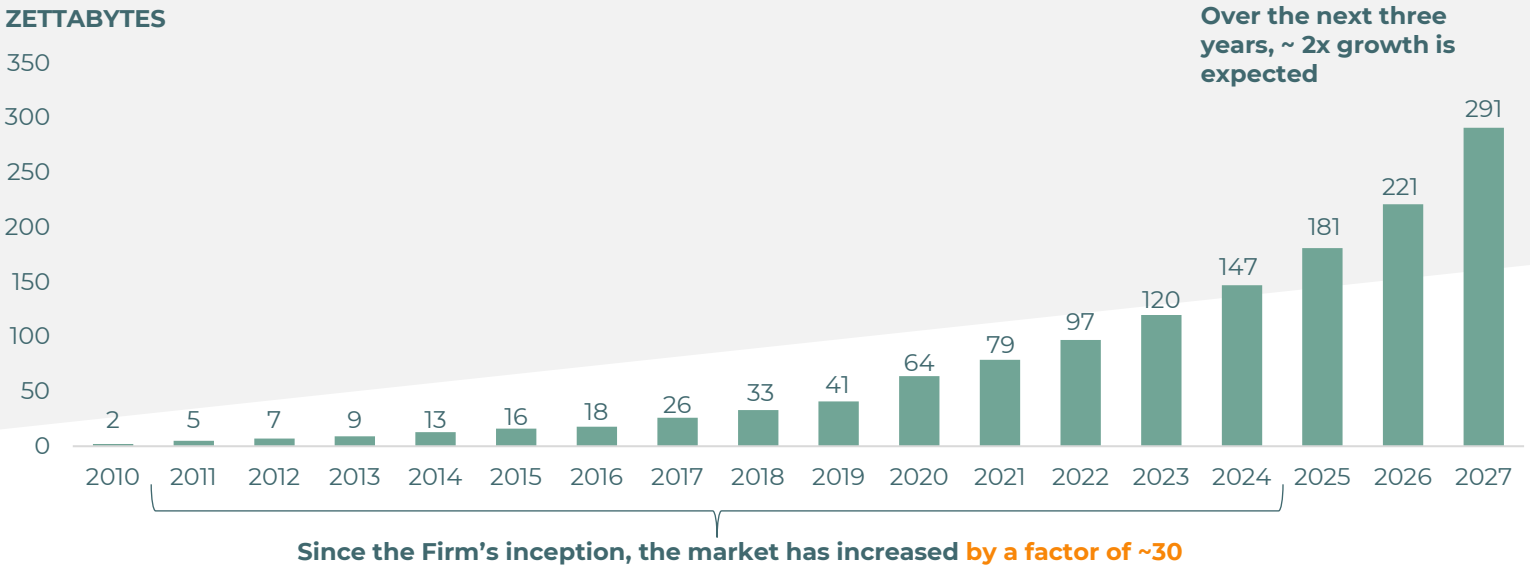
Rising Power Demand: Data Centers

AMOUNT OF DATA IN THE WORLD IS MULTIPLYING – GLOBAL DATASPHERE PROJECTED TO 2X BY 2027



TGC is well-positioned for the opportunity data centers present

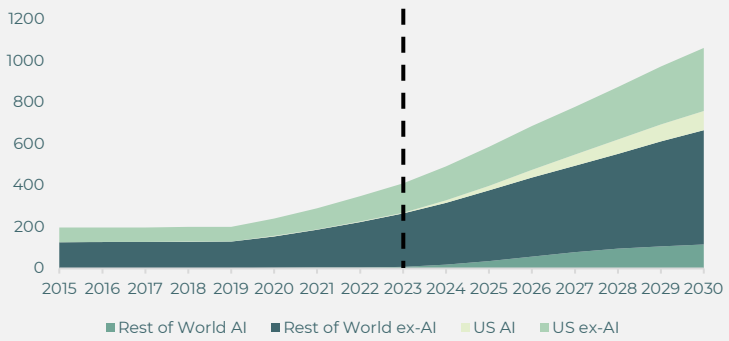
Market Opportunity

- The rigorous demands of AI model training are pushing power requirements up from 10kW to over 100kW per rack in some cases, creating enormous power and cooling demands.
- Local Utility Resources cannot be relied on for providing power (interconnection queues delayed)
- Data center owners are even being asked to Bring your Own Power ("BYOP") to the facility.
- Sustainability takes center stage - data centers that are 100% renewable-powered will soon be the standard.
- On average, a ChatGPT query needs nearly 10 times as much electricity to process as a Google search.
- Goldman Sachs Research estimates that data center power demand will grow 160% by 2030.
- At present, data centers worldwide consume 1%-2% of overall power, but this percentage will likely rise to 3%-4% by the end of the decade.

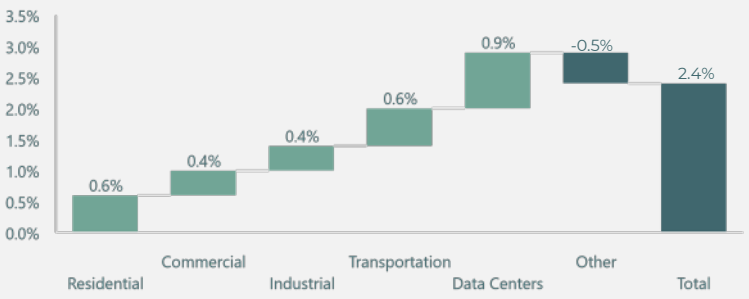
TGC's Advantage

- We believe we are well-positioned to participate in servicing the need for renewable power in the data center space throughout our core revenue models.
- Our 14-year-history of investing and operating US distributed "behind the meter" power generation projects will provide a competitive advantage for the BYOP data center owners.

Data Center Power Demand (TWh)



Sectoral Compound Annual Growth Rate in US Power Demand (2022-2030)



Sources: (1) International Data Corporation; (2) Goldman Sachs

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