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Clean Energy IPOs and SPAC Combinations:

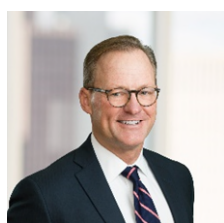
Historical Trends and Future Possibilities

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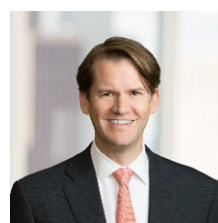
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Clean Energy IPOs and SPAC Combinations:

Historical Trends and Future Possibilities

While the market witnessed a flurry of renewable energy and clean tech IPOs from 2010-2015, those IPOs have become much rarer in recent years despite markedly improved market fundamentals. This article will highlight current market dynamics suggesting a significant increase in renewables and clean tech IPO activity over the next several years, as well as explore alternative legal structures best suited for such offerings. The structure and marketing strategy of choice for future IPOs in these industries will no doubt be informed by lessons learned over the last decade, and we will discuss in some detail the “YieldCos” completed from 2013–2015. We will explore the potential for a modified “YieldCo 2.0” as well as examine non-yielding growth-oriented corporate IPOs, including the handful completed over the last five years. Finally, we will discuss the recent flurry of clean tech combinations with special purpose acquisition companies (SPACs), a trend that may accelerate as a viable alternative to the traditional IPO.

Clean Energy Market Fundamentals: Growing Capital Needs Meet Growing Investor Appetite

Capital spent in the renewables and clean tech sectors has increased dramatically over the last half decade and is expected to continue to grow. On June 16, 2020, Goldman Sachs reported that capital expenditures for renewables and clean tech are expected to exceed oil and gas capital expenditures for the first time in 2021. The same report predicts that such expenditures will continue for the next several decades, with renewable power representing a \$16 trillion investment opportunity through 2030. More recently, presidential candidate Joe Biden has proposed a \$2 trillion clean energy program. Republicans have also cited infrastructure spending as a priority and any Republican infrastructure proposal is likely to include renewable and other clean energy initiatives.

Substantial capital needs coincide with increasing demand across investor classes for sustainable investments as well as demands by governmental entities, businesses and myriad interest groups for green recovery, zero carbon and other renewable targets. In November 2019, Macquarie Infrastructure and Real Assets (MIRA) polled 150 U.S. and global real asset and infrastructure investors with \$US20 trillion of assets under management to solicit current views on sustainable investment strategies. The survey found that 90% of those investors expect to increase their focus on sustainability over the next five years, demanding enhanced returns and better alignment with community expectations. Moreover, renewable energy is the most common allocation in ESG investment strategies, with one in three investors surveyed by MIRA expressing an allocation preference for renewable investment opportunities. While historically clean energy investments have been met with skepticism, given higher marginal costs as compared to traditional energy sources, steep cost reductions have made renewable power increasingly competitive and those cost reductions are expected to continue. In addition, recent developments in energy storage technology are expected to substantially reduce key barriers to scalability and reliability in multiple clean energy sectors, including power and transportation. These developments are sufficiently promising that a small group of electric and alternative-fuel transportation companies as well as energy storage companies are expected to make successful public debuts in 2020. Taken together, substantial capital needs, significant investor interest, competitiveness with traditional power sources and technological innovations suggest a constructive market for clean energy IPOs in coming years.

Basic Structural Considerations for Renewables and Clean Tech IPOs

While the need for development capital and investor interest are clear, what is far from certain is the form renewables and clean tech IPOs might take going forward. Over the last decade, there were 20 renewable or clean tech IPOs but only a handful in the last five years,

including Sunnova Energy International Inc., [which successfully debuted in the Summer of 2019](#) and recently [completed a follow on secondary offering](#). In considering structural alternatives for future IPOs, it is helpful to divide our discussion into two major categories:

- renewables and clean tech businesses with sufficient scale and cash flow to be marketed as yielding or high dividend equities; and
- renewables and clean tech businesses requiring significant reinvestment for growth and no near term ability to pay dividends.

This article will examine both yielding and non-yielding renewables and clean tech IPO structures. The discussion of yielding structures will focus on YieldCos of the last decade as well as the possibility of a new generation YieldCo or “YieldCo 2.0,” as well as a brief discussion of potential REIT and MLP alternatives. The discussion of non-yielding structures will focus on the handful of traditional corporate IPOs completed over the last five years. Finally, we will examine recent SPAC combinations involving renewable or clean tech businesses. There has been a flurry of these transactions over the last several months and we expect more in the near future. As we explain, a “reverse” or “alternative” IPO via SPAC combination can result in a public company with any of the legal structures described in the first two sections of this article.

Yielding IPO Structures

The Rise and Fall of the YieldCo

In the 24 months spanning July 2013 to June 2015, seven U.S. businesses owning solar, wind and other renewable assets completed initial public offerings as “YieldCos” — equity investments offering both high dividends and substantial growth through acquisitions. The surge of YieldCo activity in this concentrated period serves as the most distinctive single feature of renewable and clean tech IPOs of the last decade. It is not coincidental this period also represented peak valuations and investor demand for master limited partnerships (MLPs) also combining yield and growth. YieldCos enabled sponsors to monetize lower-risk wind and solar

projects while separately financing higher-risk development projects at the sponsor level. Like “drop down” MLPs, the YieldCos were marketed with the prospect of acquiring additional completed renewable projects from sponsors, enabling those sponsors to recycle that capital into new development projects in an ongoing, mutually beneficial, development strategy.

Expectations for the success of this model were high as reflected in an April 15, 2015 article from *Bloomberg New Energy Finance*: “YieldCos, a clean-energy financing model that didn’t exist three years ago, are on track to become a \$100 billion market.”

Completed YieldCos during this period are presented in the table below:








Sponsor	YieldCo	Offer Date	Shares (including shoe if exercised)	Share Price	IPO Yield	Total Market Capitalization (as of IPO)	IPO Proceeds (\$M)
 nrg	NRG YIELD	July 17, 2013	22,511,250	\$22.00	5.45%	\$1.44 billion	\$495
 Pattern	 Pattern	Sept. 26, 2013	18,400,000	\$22.00	5.68%	\$1.12 billion	\$405
 Atlantica	 Atlantica Yield	June 13, 2014	28,577,500	\$29.00	3.59%	\$2.32 billion	\$829
 NEXTERA ENERGY	 NEXTERA energy PARTNERS	June 27, 2014	18,687,500	\$25.00	3.00%	\$467 million	\$467
 SunEdison	 TerraForm	July 18, 2014	23,074,750	\$25.00	3.61%	\$2.45 billion	\$577
 SUNPOWER First Solar	 8point3	June 19, 2015	20,000,000	\$21.00	3.99%	\$1.49 billion	\$420
 SunEdison	 TerraForm	July 31, 2015	45,000,000	\$15.00	7.33%	\$2.68 billion	\$675

The first YieldCos performed well in the market and more soon followed. But challenges quickly emerged. Interest rates began to rise, making yields less valuable. Those rates also made debt and equity acquisition financing more expensive, while internal growth was limited by high dividend burdens. In addition, natural gas prices fell significantly, making renewable power comparatively less competitive. By September 18, 2015, *Forbes* questioned “*Why Have Solar YieldCo Stocks Been Trending Lower?*” and reported that YieldCos were down on average 24% from mid-April 2015 highs, with 8point3 and TerraForm Global down 35% from IPO. According to *Forbes*, the step back was driven by investor saturation, rising interest rates, a broader sell-off in other solar and clean energy names and higher forward execution risks. Travis Houim, a

renewables analyst with *thefool.com*, in an article entitled “*Why Have YieldCos Flopped in 2015?*” noted the cascading effect of rising capital costs for high yield/high growth businesses: when capital costs become higher than return on money invested in additional acquisitions, acquisitions are no longer economic, stifling growth. Rising debt levels pushed equity values down further, making equity capital costs prohibitive. The YieldCo sector, with a few notable exceptions discussed below, was substantially and rapidly disassembled through take privates and restructurings, representing one of the fastest “start/stop” cycles in energy finance of the last decade. In the broader narrative of hard-hit YieldCos, the story of SunEdison and its consecutively sponsored YieldCos, TerraForm Power and TerraForm Global, garnered the most headlines with SunEdison filing for bankruptcy in April 2016. Investors’ concerns regarding the SunEdison saga may well influence the structure of any future YieldCo as described in more detail below.

Where Are the YieldCos Now?

While the SunEdison / TerraForm story received the most attention, substantially all of the YieldCos experienced significant devaluation beginning in the second half of 2015. The broader MLP market experienced similar devaluation with many high growth and drop down strategies retrenching, restructuring and, in a few instances, being taken private. The chart below details the lowest share price reached as well as the current status of each of the 2013-2015 YieldCos:

Issuer	IPO Date	IPO Price	Shares Outstanding (As of IPO)	Market Capitalization (As of IPO)	Lowest Share Price	Share Price (As of July, 24 2020)	Shares Outstanding (as of most recently filed SEC report)	Market Capitalization (Most recent where applicable)
 Clearway	7/16/13	\$22.00	22,511,250 Class A shares 42,738,750 Class B shares	\$1.44 billion	\$10.89 on February 11, 2016	\$24.16	34,599,645 Class A shares	\$836 million
 Pattern	9/26/13	\$22.00	35,528,283 Class A shares 15,555,000 Class B shares	\$1.12 billion	\$15.47 on February 11, 2016	Acquired 3/13/20 by Canada Pension Plan Investment Board for \$26.75/ share	98,218,625 Class A shares	
 Atlantica	6/18/14	\$29.00	80,000,000 shares	\$2.32 billion	\$13.65 on February 11, 2016	\$29.62	101,601,666 shares	\$3.0 billion
 NEXTera energy PARTNERS	6/26/14	\$25.00	18,687,500 shares	\$467 million	\$19.91 on September 29, 2015	\$59.92	65,529,364 shares	\$3.9 billion
 TerraForm POWER	7/18/14	\$25.00	30,652,336 Class A shares 67,536,404 Class B shares	\$2.45 billion	\$6.90 on November 30, 2015	Pending merger with Brookfield Renewable (valued at \$19.21/share)	226,521,289 Class A shares	
 8point3	6/19/15	\$21.00	20,000,000 Class A shares 51,000,000 Class B shares	\$1.49 billion	\$10.50 on September 29, 2015	Acquired 2/5/18 by CD Clean Energy and Infrastructure V JV, LLC for \$12.35/share	28,093,305 Class A shares	
 TerraForm POWER	7/31/15	\$15.00	117,506,045 Class A shares 61,343,054 Class B shares	\$2.68 billion	\$2.04 on March 29, 2016	Acquired 12/28/17 by Brookfield Asset Management for \$5.10/share	112,100,528 Class A shares	

The YieldCo Comeback and Potential “YieldCo 2.0”






Two of the inaugural YieldCos have achieved substantial success over the last year, with TerraForm Power (NASDAQ TERP) and NextEra Energy (NYSE NEP) up approximately 32% and 15%, respectively, from January 1 to July 24 of this year. In May 2020, *Greentech Media* in an article titled “*Renewables YieldCos Gain Traction After Global Energy Shakeup*” noted that NextEra Energy Partners, TerraForm Power and Atlantica Yield had achieved valuations not seen since the peak of the YieldCo market in the summer of 2015. Brookfield Renewable Partners (NYSE BEP) entered into a merger agreement with TerraForm Power on March 16, 2020, as a result of which BEP will acquire all outstanding TerraForm Power units not already owned by BEP.

The resurgence of these names has suggested the possibility of a broader return of the YieldCo structure for businesses with sufficient contracted capacity and/or scale to support

consistent distributions. Two blue chip sponsors have been reported as considering the formation of a “next generation” YieldCo. In February 2020, *Greentech Media* published an article entitled “*An Avangrid YieldCo? CEO says ‘Maybe.’*” Similarly, on September 9, 2019, *Bloomberg* reported “*Goldman Sachs Wants Do-Over On Solar Model that Once Boomed*” and noted that low interest rates and yield-seeking investors may be constructive for a next generation YieldCo.

While it is too early to predict a re-emergence of YieldCo IPOs, it is not too early to consider what structure a new YieldCo might take. Should investor demand and business fundamentals be robust, it is possible new YieldCos may look quite similar to the originals. On the other hand, lingering investor concerns may force new YieldCos to structurally address strategy and governance issues identified as contributing to market underperformance after 2015. Similar to the transition the MLP market has experienced in recent years, the “YieldCo 2.0 model” may be broadly defined by significantly more self-funding growth, moderate leverage and a capital and governance structure more aligned with public investors.

Governance and Capital Structure Considerations. The first class of YieldCos included substantial diversity in capital and governance structures despite a common “YieldCo” badge. As detailed in the chart below, the original YieldCos included traditional corporations (C-Corps), public corporations with pre-IPO investors remaining in a partnership (Up-Cs) and Up-C limited partnerships. Approximately half included a sponsor holding subordinated equity and incentive distribution rights (IDRs), both common to traditional MLPs. But even without those particular features, all YieldCos, like MLPs, targeted both significant yield and significant growth, often incentivized by a contractual arrangement with the sponsor.

	Up-C	High-Class Vote/GP Control	Subordination (or equivalent)	IDRs	Growth Mechanism	Distribution Forbearance
NRG YIELD [®]	Y	N	N	N	ROFO	N
 Pattern	N	N	N	N	Call Right/ROFO	N
Atlantica	N	N	N	N	ROFO	N
 NEXTERA energy [®] PARTNERS	Y	GP	Y	Y	ROFO	N
 TerraForm [®] POWER	Y	Y	Y	Y	Call Right/ROFO	Y
 8point3 [®] energy partners	Y	GP	Y	Y	ROFO	Y
 TerraForm [®] POWER	Y	Y	Y	Y	Call Right/ROFO	Y

For YieldCos with IDRs, sponsors received an increasing share of distribution growth, incentivizing acquisitions, often funded by debt. The elimination by many MLPs of IDR structures suggests that YieldCo 2.0 may feature a more simplified structure, without IDRs or subordinated units, providing greater alignment with public investors.

YieldCo 2.0 may also feature enhanced board independence and shareholder voting rights, including the right to elect directors annually, as well as a single class of one vote shares. Lingering concerns regarding the execution of SunEdison's drop down strategy may result in more robust structural safeguards to address conflicted acquisitions from a sponsor developer.

Focus on Sustainable Growth, Stable Yield and Conservative Leverage. It also seems likely that any YieldCo 2.0 would be marketed with more moderate growth expectations. The double-digit growth rates targeted by the original YieldCos proved difficult to maintain. YieldCo 2.0 may target a lower payout ratio, retaining more cash flow to fund organic growth. The cumulative impact of these changes would enable a leverage profile more resistant to economic cycles as well as balance sheet flexibility to make opportunistic acquisitions. To reduce dependence on, and conflicts with, sponsor developers, YieldCo 2.0 could have greater

emphasis on sourcing growth organically (or at least being agnostic as to acquisition source) with comparatively less dependence on YieldCo sponsors for acquisition opportunities.

These concepts are not new. In fact, the YieldCo universe may come full circle, with YieldCo 2.0 looking similar to what many consider to be one of the original renewable YieldCos — Brookfield Renewable Partners (NYSE BEP). In 2011, Brookfield Asset Management formed BEP as a YieldCo before that term had even been coined. Unlike the YieldCos which followed, BEP maintained a lower payout ratio (retaining approximately 30% of its cash to reinvest in organic growth projects, versus 10 to 15% targeted in the 2013-2015 YieldCo IPOs), meaningfully lower leverage, diversified operating regions and assets, an internal operating platform, and emphasis on total return. BEP's equity has performed extremely well over the last several years, with a unit split announced on July 16, 2020. And some of the 2013-2015 YieldCos pivoted to a similar model over time — reducing payout ratios and scaling back targeted distribution growth.

Other Yielding Structures — MLPs and REITs

Renewable MLPs. While many YieldCos had features in common with MLPs from a structural perspective, and were “like MLPs” colloquially, YieldCos were not publicly traded partnerships in the traditional sense. Publicly traded businesses treated as pass-throughs for tax purposes are narrowly defined in Section 7704 of the Internal Revenue Code. “Qualifying Income” under 7704 is generally income derived from exploration, development, production, mining, refining, marketing and transportation of depletable minerals, including crude oil and natural gas — and nowhere in 7704's eligible activity list will you see power, much less power generated by renewable energy sources. In June 2019, bipartisan sponsors in both the House and Senate introduced the *Financing Our Energy Future Act* that would enable renewable energy sources to utilize the MLP structure. This is the fifth time this legislation has been proposed. With recent legislative emphasis both on renewable energy and infrastructure

development, as well as the support of over 30 industry and environmental organizations, the likelihood of passage has substantially increased, though remains uncertain.




REITS. There are two REITs with a renewables focus: Hannon Armstrong Sustainable Infrastructure Capital, Inc. (NYSE HASI) with a portfolio combining elements of equity and mortgage REITs, and RadiantREIT, a pure mortgage REIT providing financing for solar projects. Aside from mortgage financing, REITs have limited ability to participate in clean energy infrastructure on a standalone basis. Under Treasury Regulations issued in 2016, the IRS concluded that some portions of a solar energy site, such as land and mounts, were real property for purposes of REIT rules. Conversely, PV modules, due to their active function of converting photons to electricity, were not. Although a specific example was not included in the Treasury Regulations, a similar analysis should apply to wind farms. On the other hand, Treasury Regulations have indicated that solar energy systems specifically designed for a building owned by a REIT would qualify as real property for REIT purposes. While helpful for REITs that wish to incorporate solar power in their buildings, these rules would not generally enable a REIT to own a standalone solar system. Consequently, the current ability of REITs to own and lease or own and operate clean energy infrastructure is limited absent Congressional legislation expanding what constitutes “real property” for REIT purposes.

Growth-Oriented Non-Yielding IPOs

As described in the introduction, many high growth renewable and clean tech businesses are not suited to a yielding structure, needing to reinvest substantially all earnings to fund that growth. Moreover, for renewable portfolios with significant revenues from potentially volatile merchant sales versus long term fixed-price contracts, a YieldCo’s steady distribution requirements may be unrealistic unless conservatively structured.

For businesses like these, a traditional C-Corp IPO marketed as a non-yielding growth equity may be the most appropriate choice. Up-C’s may also represent a viable alternative for

pre-IPO owners interested in maintaining their ownership in a flow-through structure. The chart below presents the renewable or clean tech businesses that have completed successful IPOs marketed as non-yielding growth-oriented C-Corps since 2015.

Company	Business	Offer Date	Shares Offered at IPO (including shoe if exercised)	Share Price at IPO	Total Market Capitalization at IPO	IPO Proceeds (\$M)	Share Price as of July 24, 2020
 sunrun	Residential solar	August 5, 2015	17,900,000	\$14.00	\$1.36 billion	\$251	\$40.99
 tpi COMPOSITES.	Wind turbine blade manufacturer	July 21, 2016	6,250,000	\$11.00	\$361 million	\$69	\$27.65
 Bloomenergy	Solid oxide fuel cells	July 24 2018	18,000,000	\$15.00	\$1.59 billion	\$270	\$16.91
 sunnova	Residential solar	July 26, 2019	14,000,000	\$12.00	\$997 million	\$168	\$22.30

SunRun (NASDAQ RUN) and Sunnova (NYSE NOVA) are residential solar companies which debuted in 2015 and 2019, respectively. Both are Delaware C-Corps with a single class of common stock and have not paid dividends to date, using internally generated cash to reinvest in their businesses. On July 7, 2020, SunRun announced it had entered into a merger agreement with Vivant Solar (NASDAQ VSLR), with both stocks trading up materially following the announcement.

In addition to these residential solar businesses, TPI Composites (NASDAQ TPIC) and Bloom Energy (NYSE BE) completed C-Corp IPOs in 2016 and 2018, respectively. TPI Composites has manufactured onshore wind turbine blades since 2001 while Bloom Energy manufactures, deploys and sells power generated by its “Bloom Energy Servers” — dense oxide fuel cells using natural gas or biogas as feedstock to generate power with substantially lower emissions than conventional power generation. Like SunRun and Sunnova, TPI Composites and Bloom Energy reinvest all cash generated by their business to grow

operations. Bloom Energy has two classes of common stock: Class B Common Stock carrying 10 votes per share and Class A Common Stock with a single vote per share.

The IPO Alternative — SPAC Combinations

Combining with a Special Purpose Acquisition Company (SPAC) is another alternative for renewable or clean tech companies seeking access to public markets. Last year, 59 SPAC IPOs raised \$13.6 billion in proceeds. In 2020, that record has been eclipsed with 48 SPAC IPOs raising almost \$18 billion in proceeds through July 22 — with another \$5.4 billion of SPACs on file to complete IPOs this year. Once SPACs complete their IPOs, the search begins for an acquisition target. SPACs typically have two years to identify a target with the acquisition contingent on shareholder approval. SPAC investors may elect, regardless of whether they vote to approve or reject the transaction, to receive cash in redemption of their stock from a trust established with IPO proceeds.

The SPAC “reverse IPO” is gaining momentum and credibility. The recent high profile SPAC combinations with Virgin Galactic (NYSE SPCE), Nikola Corporation (NASDAQ NKLA) and DraftKings (NASDAQ DKNG) as well as the completion of Pershing Square’s \$4 billion SPAC IPO on July 22, 2020 — Pershing Square Tontine Holdings (NYSE PSTH.U) — reflect broader recognition of SPAC business combinations as an increasingly viable path for a private companies seeking access to public markets. Given ongoing market uncertainty and volatility associated with COVID-19, it is reasonable to expect that more growing businesses will consider a SPAC combination as a faster and more certain route to access public capital.

As of July 24, 2020, there were over 120 SPACs, with a combined \$29.5 billion in acquisition funds, that are either seeking targets or have not yet completed an announced business combination, a total which could increase by another \$5.4 billion if the SPACs currently in registration successfully complete their IPOs. Because SPACs tend to combine with

targets with a value of two to four times the amount of their IPO proceeds, existing SPACs could potentially result in the creation of over \$100 billion in market capitalization.

Recent Clean Tech SPAC Combinations

Given the significant capital required by growing clean energy businesses and increased investor demand for those investments, there is a reasonable likelihood that a significant portion of available SPAC dollars will be invested in renewables and clean tech businesses.

Regardless of the targeted industry identified in the IPO prospectus, a SPAC can elect to pursue businesses or assets in any industry sector or geographic location provided it receives shareholder approval. In fact, two of the SPACs described below pivoted from a traditional energy infrastructure focus to clean energy electric vehicle business combinations. This year to date, four clean energy technology companies have either announced or closed SPAC combinations. Each of the transactions described below will use proceeds to expand manufacturing capacity, fund additional research and development and pursue commercialization:

- On June 4, 2020, [Nikola](#) Motor Company ([NASDAQ NKLA](#)), a developer and manufacturer of electric and hydrogen/electric powertrains for long haul transportation, [announced](#) the completion of its previously announced business combination with VectoIQ Acquisition Corp., a SPAC led by former [General Motors](#) executive Stephen Girskey.
- On June 19, 2020, Hylion Inc., another developer and manufacturer of electrified powertrains for long haul transportation, entered into a [\\$1.5 billion business combination agreement with Tortoise Acquisition Corp.](#) (NYSE SHLL), a SPAC with a strategic focus on the energy sector.
- On June 24, 2020, Eos Energy Storage LLC, an established provider of long-duration and large scale energy storage solutions using patented aqueous, zinc-

powered battery technology, announced it had executed a letter of intent to combine with B. Riley Principal Merger Corp. II, a SPAC sponsored by an affiliate of B. Riley Financial, Inc. (NYSE [RILY](#)).

- On July 13, 2020, Fisker Inc., a high profile developer of electric vehicles, [announced it had entered into a merger agreement with Spartan Acquisition Corp.](#), a SPAC sponsored by an affiliate of Apollo Global Management, Inc. (NYSE SPAQ).

These clean energy SPAC combinations have been met with enthusiasm by investors. As of July 24, 2020, as compared to the applicable SPAC IPO price, Vector IQ/Nikola stock was up 200%, Tortoise Acquisition/Hyllion was up 80%, B. Riley Principal Merger Corp. II/EOS stock was up 3.5% and Spartan Acquisition/Fisker stock was up 34%. Although a SPAC combination can generally accommodate any IPO structure (YieldCo, Up-C, C-Corp), all of the combinations described above will result in traditional C-Corps with a focus on growth.

From the private company's point of view, a SPAC may represent an appealing IPO alternative due to current market volatility, total proceeds available as compared to traditional IPOs and speed of execution. In addition, the SPAC combination presents an advantage to pre-revenue companies as compared to a traditional IPO in that the proxy statement for the business combination requires the disclosure of multi-year projections upon which its board relied in arriving at a valuation for the private company. These projections provide significantly more forward-looking transparency than is typically included in a traditional IPO prospectus.

SPAC Combination Process Considerations

While a SPAC combination can provide significant benefits to both parties, its successful completion involves a number of concurrent and sometimes challenging work streams. A "De-SPAC" transaction combines issues common to any public company merger with unique SPAC considerations, including the target's limited recourse to IPO proceeds if the transaction does not close, the requirement for the SPAC to make redemption offers to its common shareholders

and the specified outside date for the SPAC to close an acquisition or return investor funds. Key execution considerations include obtaining necessary financial statements (similar to traditional IPO requirements), lining up necessary financing to ensure targeted proceeds in the event of material shareholder redemptions and evaluating and negotiating post-closing equity ownership and governance structures, particularly where the target company shareholders roll a significant amount of equity into the combined company. In addition to the cash in trust, which is subject to shareholder redemption decisions, SPACs often seek to raise substantial additional capital, either to supplement cash from the trust account or to backstop redemptions. Each of the transactions described above included PIPE (Private Investment in Public Entities) financings, significantly enhancing the cash available to the public entity as well as providing more certainty of closing. For example, the Spartan/Fisker transaction included a \$500 million PIPE financing from institutional investors which is expected to fund concurrently with the combination.

More detail regarding SPACs capital structures and the de-SPAC business combination process can be found in our comprehensive SPAC primer which can be downloaded from our [SPAC webpage](#).

Conclusion

The magnitude of capital required to finance currently anticipated renewables and clean tech energy projects is staggering, with projections exceeding \$16 trillion in the next decade alone. The number of investors demanding “clean,” “green” or “environmentally responsible” investing is equally remarkable. And it is possible that these numbers will grow substantially larger either as a result of infrastructure spending initiatives with bipartisan support, Joe Biden’s recent call for a “clean energy revolution”, investor appetite or technological breakthroughs. While the size and shape of these developments are indeterminable, it is safe to assume that significant renewable and clean tech dollars are both needed and will be invested, and that

some of these investments will be permanently capitalized in the public markets. The renewables and clean tech IPOs to come will adopt structures based on the nature of the underlying assets and existing and changing legislative and regulatory regimes, as well as specific investor driven considerations at that time. But those IPOs will come.

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