

# Investment and Legal Landscape for Energy Storage

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# WHAT WE DO

## Generation Stakeholders

- Wind, Solar, IOU, Muni. CCNG,

## EPC Companies

- Jacobs, B&V, Bechtel, etc.

Technology Vetting & Commercial entry

Policy Advisement & initiative

Business Modeling & Development

Capital Funding Preparation

C&I, MUD, Stakeholders

- Fabs, Data Centers, Mfg. Retail centers etc.

ISO / RTO / PUC / FREC

- PJM, ERCOT, MISO, CAISO, NEISO, etc.

# TKO Clients and Partners for Products , Marketing, Funding

AMD The future is



JACOBS Engineering

Broadlands Financial Group



PowerPlus Engineering, Inc.

### Business Investing Characteristics (Idea / Product)

- ***Does the business idea fit your skills and experiences?***  
Does your Idea and Team to take advantage of the growing demand for the company's product. Is the marketing Idea a good fit for your (Company's) core skills and competencies.
- ***Is the idea a sustainable business?***  
Many ideas are great but cannot be expanded into a large scale business.
- ***What are the growth prospects of the business?***  
Do quantifiable current research to determine the annual spending in your market will help determine its merit (Know your market trends).
- ***How quick are the execution timeframes?***  
Knowing how quickly a company's capability to put all the pieces together and bring the opportunity to market is essential in determining a business idea's marketing merits.



## Capital markets for Energy Storage:

### Market Characteristics (Knowing current storage trends)

- Needs of the storage market (Whole Sale / Retail)
- Economic trends / Drivers
- Market Rules (PUC, ISO, RTO)
- Regulatory Bodies (FERC, PUC)
- Market Participants: (Customers)
  - a. Utilities, Municipalities, IOU, CO-OP, IPP, MUD
  - b. Commercial / Industrial (C&I)
  - c. Aggregate residential (Developers / Builders)
  - d. Individual consumer
- Business Modeling
  - a. Revenue from all opportunities
  - b. O&M cost drivers and projections
  - c. Levelized Cost of Storage (LCOS)
  - d. Cost to build growth road map.

## Market Characteristics (Economic Trends / Drivers)

- **Economic trends Driving Energy storage projects rose 8% percent in the first half of 2012, compared with a year ago.**  
(Pike Research 2012)
- **During that time, the number of projects announced reached 649, compared with 600 in 2011.** (Pike Research 2012)
- **The number of project that actually became operational during the first six months of this year was 514.** (Pike Research 2012)
- **Replacement and growth needs in North America for Generation and Transmission approximately \$80 billion per year i.e. rate cases at PUC and tariffs.** (TKO 2012)



## Capital markets for Energy Storage

### Business Investor Characteristics:

- The Investment business success is the balancing of risk against opportunity.
- Investors that push the boundaries of risk and explore the margin with some degree of conformity and vetting processes usually outperform their competitors.
- The **Key** is to clearly understand the Investor risk appetite, and then manage against it with a mitigation program. (More on this point)
- The most effective risk management programs focus on managing data and behavior trends to ensure that the right decisions are being made in all areas of the company or identifying needs of the company.

## Business Investing Characteristics (Inquiring)

Sample questions for investors to grasp an understanding of the company:

- How long have you been dealing with this problem?
- What have you done to date to address this problem?
- What is the real impact on the Market and Market Participants?
- Can you quantify this?
- What outcomes occur if you do not fix this?
- Of your top 10 priorities, where does this fit?
- Quantify how much would customers be willing to pay for your solution?
- Vetting is as much about people and processes as it is about the product & services.



## Business Investing Characteristics (Technology)

### Small Sample of Technology review:

- Market technical requirements processes
- Feature specification processes
- Regulatory requirements processes
- Technical roadmap processes
- Architecture review processes
- Engineering schedule process
- Quality assurance processes
- Documentation processes
- Vetting is as much about the technology as is the people and processes.



## Capital markets for Energy Storage

### Business Investing Characteristics (Final Thoughts)

- **Questions:** Only 5-10% of companies ask closing questions like;
  - Have I answered all of your key questions?
  - How do I compare with your other business plans?
  - What is the likelihood we'll reach serious due diligence?
- **Feedback:** Chances are objections you hear at one private equity group will be less of a concerns at another. Feedback as fine tuning and filling in missing information.
- **Do your own due diligence:** This process is the foundation for the long term partnership. Investor relationship is akin to marriage.
- **Relationship:** Will they be a good partner when things don't go according to plan? Because we all know, they never do.
- **Finally,** get comfortable roll playing scenarios before meeting with investors.



*Quality transparent connections  
equals long-term success.*

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