

# NPIII ad hoc Green Impact Report

21 November 2019



Green  
Investment  
Group

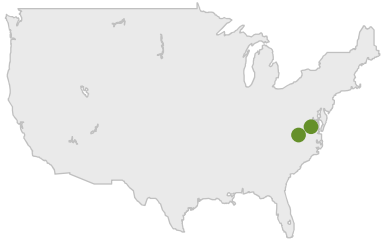
## 1. Introduction

The Green Impact Advisory ('GIA') team of Green Investment Group Limited ('GIG') has prepared this report (the 'Report') in connection with two NextPower III International Solar Fund investments (the 'Portfolio'). GIG has forecast the Portfolio's avoided: greenhouse gas ('GHG') emissions, emissions to air, and fossil fuels consumption (together, the 'Green Impact'); and is pleased to set out its assessments in this Report, as summarised below. This Report also considers the Portfolio's contribution to the United Nations Sustainable Development Goals.

This assessment was undertaken using data provided to the GIA team.

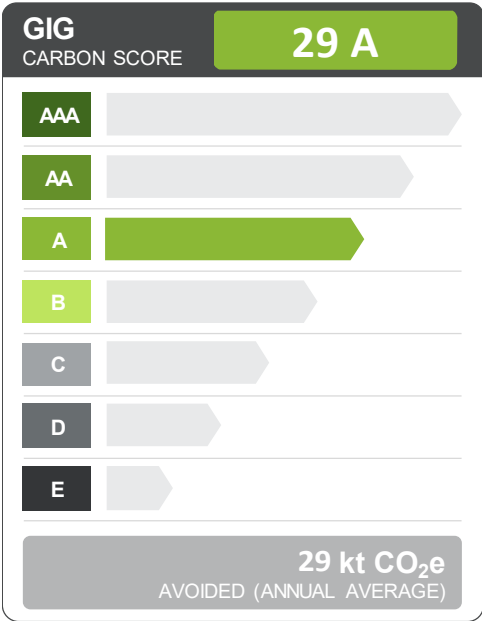
The Portfolio's GIG Carbon Rating is A. Please refer to the methodology in Appendix 2 for further information on how this is calculated.

Portfolio Information	
Location	USA
Number of projects	2
Aggregate Installed Capacity (MW)	46.8
Stage of projects	Pre-construction
Commencement of operations	2020



Key

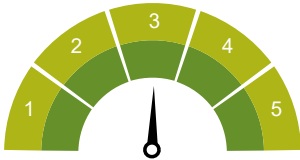
● Project locations



### Green Impact: Forecast

GHG emissions avoided (carbon dioxide equivalent)	
Remaining lifetime	855 kt CO <sub>2</sub> e
Average annual	29 kt CO <sub>2</sub> e / yr
Other emissions to air avoided (oxides of nitrogen)	
Remaining lifetime	1,334 t NO <sub>x</sub>
Average annual	44 t NO <sub>x</sub> / yr
Fossil fuels consumption avoided (oil equivalent)	
Remaining lifetime	480 kt oe
Average annual	16 kt oe / yr

**Green Impact Forecast Accuracy:**  
**Level 3 (Good)**






Important note: This Report has been prepared by GIG on the basis of, and should be read in conjunction with, the methodology v1.1, assumptions, limitations and other terms set out in Appendices 2, 3 and the Important Notice and Disclaimer, Appendix 4. This is not a due diligence report and should not be relied upon as such. If appropriate, recipients and users of this Report should conduct their own separate environmental, social and governance enquiries and assessments. This Report is provided for information purposes only and does not constitute and shall not be deemed to be in any way an offer or invitation or solicitation of any offer or invitation to sell or purchase shares or invest in any Project. This Report has not been filed, lodged, registered or approved in any jurisdiction and recipients of this document should keep themselves informed of and comply with and observe all applicable legal and regulatory requirements.

## 2. Contribution to the Sustainable Development Goals

The United Nations Sustainable Development Goals<sup>1</sup> ('SDGs') are a set of 17 goals for sustainable development, defined by 169 SDG Targets to be achieved by 2030. The GIA team has considered the performance of the Portfolio against the SDGs and their associated Targets. The assessment has identified those Targets to which the underlying projects contribute directly (associated SDGs shown as full coloured icons below) with commentary on levels of contribution, and those Targets to which the projects indirectly contribute (inverted coloured SDG icons below).



### Direct contribution

Goal	SDG Target	Contribution
	<b>Target 3.9</b> <i>Reduce deaths and illnesses from air pollution</i>	<p>According to the World Health Organization, air pollutants such as nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and particulate matter (PM) can lead to premature death and illnesses such as stroke, heart disease, lung cancer and chronic respiratory diseases. Avoidance of fossil fuel electricity generation due to renewable generation is forecast to avoid average annual emissions of harmful air pollutants of 44.5 t NO<sub>x</sub> / yr, 94.5 t SO<sub>x</sub> / yr, 0.9 t PM<sub>10</sub> / yr and 4.6 t PM<sub>2.5</sub> / yr.</p>
	<b>Target 7.2</b> <i>Increase substantially the share of renewable energy in the global energy mix</i>	<p>The Portfolio will add 46.8 MW of renewable energy capacity to the local electricity grid enabling the generation of low carbon, clean electricity generation from sustainable infrastructure.</p>
	<b>Target 9.1</b> <i>Develop quality, reliable, sustainable and resilient infrastructure</i>	

### Indirect contribution

The portfolio is anticipated to contribute indirectly to: SDG 8 (Target 8.5) through creating productive employment; SDG 12 (Target 12.2) via the avoidance of fossil fuel electricity generation; and SDG 13 (Target 13.3) by improving institutional capacity on climate change mitigation.

<sup>1</sup> <http://sustainabledevelopment.un.org/sdgs>

<sup>2</sup> World Health Organization, Ambient air pollution - a major threat to health and climate: <https://www.who.int/airpollution/ambient/en/>



## Appendix 1:

### Project information

Project Name	Location	Capacity (MW)	Design Life (yrs)	Stage (17 Oct 2019)	Commencement of Operations Date (anticipated)
Briel Farm	Virginia, USA	28.4	30	Pre-construction	July 2020
Gardy's Mill	Virginia, USA	18.4	30	Pre-construction	May 2020

## Appendix 2

### Terms and Conditions: Terminology and Methodology

#### Terminology

##### *Green Impact*

The Green Impact metrics covered by this Report are identified in the header and executive summary. "Green Impact" is a collective term referring to the environmental benefits which have been calculated in accordance with GIG's methodology to be, or to be reasonably likely to be, delivered by the project(s) to which this Report refers. The collective term can include defined metrics such as tonnes carbon dioxide equivalent avoided (t CO<sub>2</sub>e), tonnes oil equivalent avoided (toe), and tonnes (t) of other air pollutant emissions avoided.

##### *Green Impact Forecast Accuracy*

"Green Impact Forecast Accuracy" is an expression of the level of confidence that, in the opinion of GIG, can reasonably be placed on the accuracy of any quantified Green Impact forecast. This assessment of forecast accuracy is described in levels as follows: Level 1 (Low), Level 2 (Moderate), Level 3 (Good), Level 4 (High), and Level 5 (Very High).

##### *Methodology v 1.1*

The Green Impact and Green Impact Forecast Accuracy assessments presented in this Report are based on GIG's approach to assessing Green Impact using the methodologies set out within its proprietary green investment principles, policies and the associated processes of the Green Investment Handbook<sup>1</sup>. The Green Impact assessment has applied proprietary modelling techniques and comparative data developed and owned by GIG, or by third party owners and made available under licence to GIG.

##### *Green Impact calculation*

GIG's initial calculation of the Green Impact of each project is produced by comparing relevant information and data derived from that project against relevant counterfactual (or baseline) data for the assumed environmental impacts that would occur if the project did not take place, based on GIG's proprietary reference sources or provided to GIG by relevant third parties or

obtained from publicly available sources. The resultant estimated Green Impact is then subject to further qualitative evaluation before production of GIG's formal Green Impact Report.

For grid-connected projects that generate electricity, the counterfactual is assumed to be marginal electricity generated from the local electricity grid, which includes resources consumed to supply grid electricity. GIG's methodology calculates the net Green Impact of the project by comparing its likely emissions to those of a marginal grid electricity mix, using the methodology set out in the International Financial Institutions (IFI) approach to GHG accounting for renewable energy projects<sup>2</sup>.

GIG's methodology calculates results for likely Green Impact on an annual and lifetime basis. The Green Impact reported is 100% of the Green Impact of the underlying project(s). There is no proportionate allocation of Green Impact to any particular project investment or to particular investors, all of whom may report the same Green Impact from the underlying project(s).

##### *Exclusions*

The counterfactual of marginal grid electricity does not include the total quantifiable lifecycle environmental burdens (e.g. resources consumed during construction, or indirect emissions during operations such as those from associated transport vehicles) associated with energy generation. Therefore, to produce a valid comparison, the calculation of Green Impact for the project(s) assessed in this Report is based solely on the operational phase of the relevant project(s), and does not include a full lifecycle assessment of the project(s) unless specifically stated otherwise. This approach is aligned with the Greenhouse Gas Project Protocol<sup>3</sup>. GIG's assessment does not include a review of any underlying project's environmental and/or social, permitting, licensing or other compliance status.

##### *Green Impact Forecast Accuracy*

Green Impact Forecast Accuracy is determined from a number of project

parameters that include the project technology, stage of project development, and location of the project, together with GIG's opinion of the input data quality. These parameters have been assigned values that represent the degree to which they affect the accuracy of the forecast Green Impact, and are used to produce Forecast Accuracy scores for three elements: Data quality, Technology & development stage, and Local governance<sup>4</sup>. The Forecast Accuracy scores for the three elements are weighted according to GIG's in-house experience of the sensitivity of each element and combined to derive an overall level of Green Impact Forecast Accuracy

##### *Carbon Score*

Our Carbon Score shows the quantified greenhouse gas emissions avoided combined with our Carbon Rating. The Carbon Rating is a measure of a project's lifecycle greenhouse gas emissions compared to the emissions of the counterfactual. Projects with the lowest lifecycle emissions relative to the counterfactual would score the highest ratings from AAA to B. Projects with lifecycle emissions similar to the counterfactual would score a C, and projects with greater emissions would score a D or E. The emissions of the counterfactual are derived from the IFI approaches to greenhouse gas accounting – please see above for details. Where we do not have project-specific information on lifecycle emissions, we use the median harmonised values from the US National Renewable Energy Laboratory's Lifecycle Assessment Harmonization<sup>5</sup>

<sup>1</sup> [www.greeninvestmentbank.com/green-impact](http://www.greeninvestmentbank.com/green-impact)

<sup>2</sup> [https://unfccc.int/sites/default/files/resource/Renewable%20Energy\\_GHG%20accounting%20approach.pdf](https://unfccc.int/sites/default/files/resource/Renewable%20Energy_GHG%20accounting%20approach.pdf)

<sup>3</sup> [www.ghgprotocol.org/standards/project-protocol](http://www.ghgprotocol.org/standards/project-protocol)

<sup>4</sup> Local governance scores are determined from datasets of indicators from the World Bank, Transparency International and United Nations University Institute for Environment and Human Security

<sup>5</sup> [www.nrel.gov/analysis/sustain-lcah.html](http://www.nrel.gov/analysis/sustain-lcah.html)

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#### Reference data

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GIG calculates Green Impact using reference data obtained from, among others, by the Ecoinvent life cycle inventory datasets for the calculation of environmental impacts. Green Impact is also calculated based on data supplied by the International Energy Agency ("IEA"), specifically from the 2015 editions of the World Energy Statistics and Balances dataset and the CO2 Emissions from Fuel Combustion dataset.

Any limitations and caveats that are applicable to the Ecoinvent and IEA datasets, as published on their websites, are also applicable to the results presented in this Report.

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