

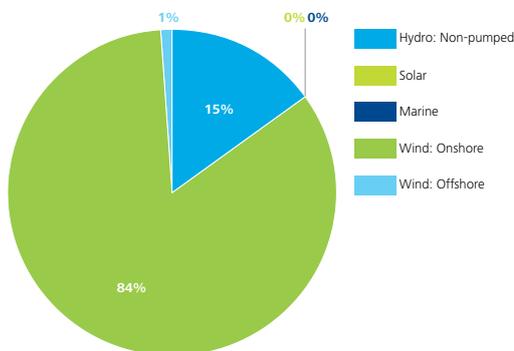
All the right
elements
Our expertise
in renewable
energy



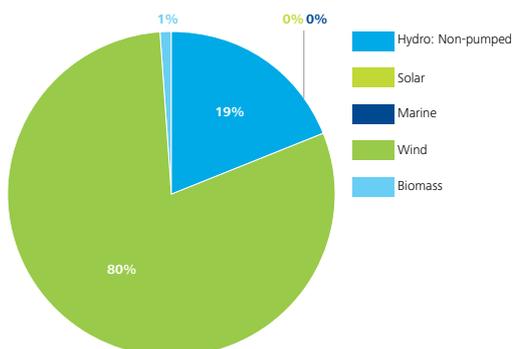
A closer look at the Irish market

Despite the economic downturn, investment in the renewable energy sector has remained steady and finance is becoming more readily available as the days go by. In recent months, we have seen significant progress following the publication of the terms and conditions for REFIT 2 and 3, with both schemes now being open for applications. REFIT 2 is designed to cover small and large scale onshore wind, biomass landfill gas and small hydro ($\leq 5\text{MW}$), with REFIT 3 specifically designed to provide for 310MW of biomass technologies. The National Renewable Energy Action Plan (NREAP) for 2020 sets out targets of approximately 40% of electricity consumed being from renewable sources, 12% of consumption in the heat sector and 10% consumption in the transport sector. The first report on the NREAP (submitted in January 2012) provides an update on the performance to date.

Percentage of total MW of installed capacity from each renewable energy source in 2010



Percentage of total GWh Contribution from each Renewal Energy Source in 2010



The endorsement of biomass and waste-to-energy facilities will enable the provision of further renewables which are not subject to intermittency like wind, being the dominant renewable in the Irish market. The development of these diversified energy sources will not only improve the stability of renewable energy sources, but will enable the utilisation of products that would otherwise be disposed of as waste.

While Ireland continues to focus on the above technologies – and specifically on onshore wind farms – in order to fulfil its 2020 renewables targets, there has been substantial overseas interest in the offshore wind resources of Ireland. Offshore wind has – to date – been considered uneconomic as a result of the additional costs and the availability of alternative, more cost-effective, renewable sources. However, with the East West Interconnector due to be commissioned in 2012 and further electricity market integration expected, there will be opportunities to export electricity generated from offshore wind farms in Ireland to the UK and the rest of Europe.

But challenges remain...

Regulatory uncertainty, availability of funding and scale of incentives are considered to be the major issues. Grid connectivity additionally remains a problem, with limited infrastructure in place to link these new sources of energy to the grid network.

So whilst the landscape appears tough, this is a sector that, with the right incentives and regulatory processes in place to encourage sustained growth, could really flourish.

What do we offer?

In this sector, informed and appropriate advice can mean the difference between success and failure.

We focus on a number of areas of activity; mergers and acquisitions, assisting smaller companies to 'make it big' and capital programmes. Our work is underpinned by a deep understanding of incentive mechanisms, policy, tax structures, fund raising and business planning and significantly, our depth of expertise within the renewable energy and wider energy and utilities landscape.

Technical capabilities, financial strength and management of scale are just some of the elements necessary to making renewable energy a viable solution.

Early Stage	Development	Growth	Industry Leader
Audit and Assurance <ul style="list-style-type: none"> • Technical accounting advice – financial instruments and share based payments • Book keeping and accounts preparation services • Business planning • Grant claims • Provision of statutory and pension scheme audits 	Audit and Assurance <ul style="list-style-type: none"> • Technical accounting advice - intangible assets acquisition accounting and carbon accounting • Cost performance reviews and cost audits including carbon footprinting and reduction • Revenue recognition • IFRS for small and medium sized entities 	Audit and Assurance <ul style="list-style-type: none"> • Technical accounting advice – IFRS transition, acquisition advice and carbon accounting • Accounting for complex funding arrangements • Internal control guidance • Corporate governance advice 	Audit and Assurance <ul style="list-style-type: none"> • Technical accounting advice – IFRS, acquisition advice, carbon accounting and financial instruments • Internal control reviews • Regulatory compliance • Corporate governance advice • Sustainability testing and assurance
Tax & Legal <ul style="list-style-type: none"> • R&D tax advice • Intellectual property tax planning • Company secretarial • Advice on expenditure, VAT recovery and relevant contracts tax • Clean technology tax incentives 	Tax & Legal <ul style="list-style-type: none"> • Corporation tax and stamp tax advice • Capital allowances • Direct and indirect tax compliance • Employee incentive schemes • Relevant contracts tax advice 	Tax & Legal <ul style="list-style-type: none"> • Mergers and acquisitions • Reorganisations and restructuring • International tax planning • Tax efficient cash/value management • Disputes and litigation 	Tax & Legal <ul style="list-style-type: none"> • International tax advice (including management of global effective tax rates) • Tax risk management • Tax efficient location of R&D activities • Employer solutions • Disputes and litigation
Corporate Finance <ul style="list-style-type: none"> • Funding advice • Valuation services • Business plan review 	Corporate Finance <ul style="list-style-type: none"> • Growth strategy and implementation • Financial modelling and cash flow forecasting • Land and real estate advisory • Fundraising 	Corporate Finance <ul style="list-style-type: none"> • Growth and exit strategy advice • Advice on divestments, joint ventures and mergers • Due diligence and M&A transaction support • Debt advisory 	Corporate Finance <ul style="list-style-type: none"> • M&A and divestment strategy • Business modelling including working capital reviews • Forensic and dispute services • Post merger integration
Consulting and Enterprise Risk Services <ul style="list-style-type: none"> • Corporate strategy advice • System integration and implementation • Brand strategy 	Consulting and Enterprise Risk Services <ul style="list-style-type: none"> • Enterprise applications • Recruitment and human resource transformation • Contract risk assessment • Green IT assessment 	Consulting and Enterprise Risk Services <ul style="list-style-type: none"> • Supply chain management • System and process health checks • CFO services • Risk management 	Consulting and Enterprise Risk Services <ul style="list-style-type: none"> • Human capital consulting • Programme management and assurance • Enterprise resource planning • Cost reduction and efficiency including carbon footprinting and reduction

From concept to commercialisation... building a sustainable business

Whilst the long-term prospects for renewable energy are promising, many companies struggle to achieve the scale and commercial framework necessary to succeed. The need to prove the viability of a particular technology can result in less focus on managing the wider needs of the business. Within this sector, there are numerous uncertainties and unknowns which create unique challenges. This is when expert insight can make all the difference.

Deloitte can help you navigate through each phase of your company's development and provide ongoing advice once those initial steps have been taken.

At initial start up, you'll be thinking about raising funds, and what type – private equity, debt, private placement or through flotation? A clearly structured business plan that outlines your proposition and pathway to commercialisation is a must. We know the types of questions and challenges potential investors may raise and will work with you to ensure your plan is robust and can stand up to scrutiny.

Once your plan is in place, we can also help make those all-important introductions to potential sources of finance - our established relationships with utility companies, private equity houses and other major players can help open doors.

And it's at this stage that thinking ahead proactively is essential. Taking advantage of the assistance on offer can provide that extra injection of robust financial planning. We can advise you on grant claims and help you take advantage of the significant research and development tax credits and refunds available to companies in this sector. Putting into place strategies for attracting

and retaining talent also come into play; you'll need to be thinking ahead to get the best people on board to drive your company forward. Finally, considering the appropriate tax structure for the longer-term and a potential future exit which often pays for itself.

As growth takes hold you will be thinking about the strategic options, element of control to retain and partnerships. Ensuring the effective ongoing management of your business is paramount during this phase. If you're looking towards listing the business, making sure your financial reporting systems and structures are in place from the beginning stands you in good stead and reduces the risk of nasty surprises along the way whatever the ultimate direction.

How can we help?

Deloitte offers a fully integrated service incorporating Corporate Finance, Accounting, Tax and Consultancy Professionals with relevant expertise within the renewable energy sector.

Corporate finance services

Our corporate finance service offering incorporates M&A transaction support, fundraising (debt and equity), due diligence, financial modelling and valuations. This document focuses on two areas of activity relevant to renewable energy:

- Raising project finance (debt and equity) for those who wish to fully develop their renewable projects
- Transactions Support Services for those who wish to acquire or dispose of renewable assets

Our work is underpinned by our relevant experience and established relationships with key contacts in the sector; understanding of incentive mechanisms, policy, tax structures, fund raising and business planning.

Once your plan is in place, we can also help make those all-important introductions to potential sources of finance - our established relationships with utility companies, private equity houses and other major players can help open doors.

We offer developers a comprehensive range of transaction related services. Our goal is to deliver end-to-end support, from the moment a transaction is conceptualised right through to the conclusion of the transaction and beyond.

Project finance

In today's challenging credit markets, raising finance has become much more difficult. Renewable energy however, is one industry that is still viewed as being an attractive asset class and capable of delivering long term returns.

In this context, bank finance, whilst more difficult to obtain and more expensive is definitely still available. Our track record in securing finance in this sector gives us an understanding of the key evaluation criteria used by banks. This understanding allows us take a focused approach to raising project finance and ensures the achievement of optimal financing structures for our clients.

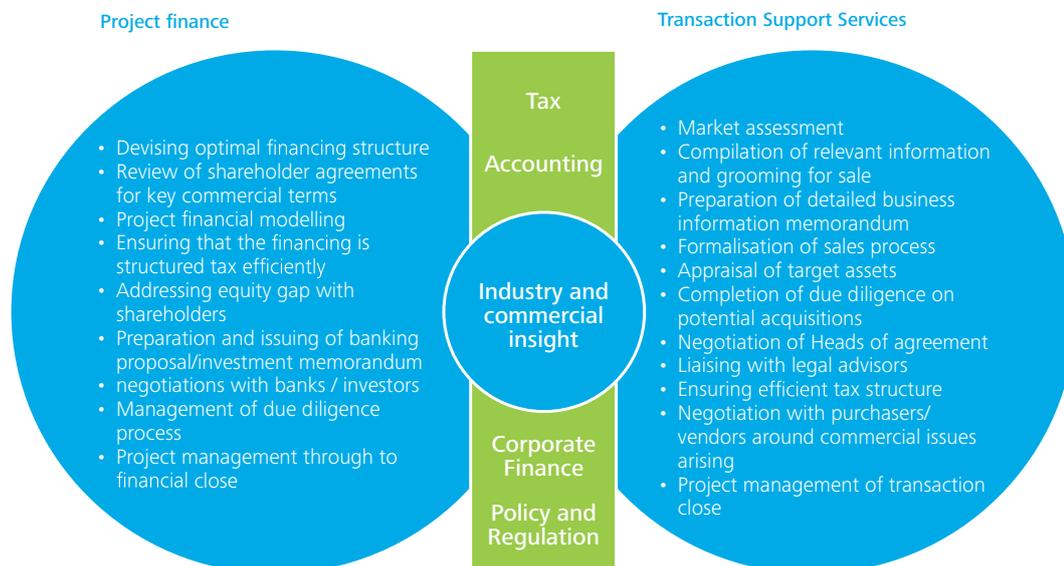
Funding the equity gap is also one of the major challenges in any project, particularly in today's economic climate. At Deloitte we have considerable experience of raising the required mezzanine/equity investment from third parties, from preparing third party investment memorandums to negotiating investment terms and completing transactions.

Transaction Support Services

The larger players in the energy sector as well as a number of the utility companies have made renewable energy central to their business strategy and their appetite for good quality assets at varying stages of development shows no sign of abating. The Deloitte renewable energy team has been involved in a number of recent transactions and has seen first-hand how a structured process can enable an efficient transaction. Our team has established good working relationships with the major players in the energy sector both here in Ireland and internationally.

As a rapidly changing sector, there are numerous uncertainties and unknowns which create unique challenges. This is when expert insight and experience can make all the difference.

We offer developers a comprehensive range of transaction related services. Our goal is to deliver end-to-end support, from the moment a transaction is conceptualised right through to the conclusion of the transaction and beyond.



Contacts

Why work with us?

We have an established track record within the renewable energy sector and, as a consequence, have the specialist skills and market knowledge to help you at all stages of your business' development. Our team has worked with clients across the full spectrum of the industry - from start ups to listed companies - and with investors both in Ireland and further afield.

Our overall offerings are detailed below

Audit	Tax	Consulting	Corporate Finance
Audit and assurance	Tax planning, M&A and structuring	Environmental	M&A transaction support
Risk management	Environmental and indirect taxes	Economic	Fundraising
Corporate social responsibility	R&D tax credits	Operational	Valuations
		Commercial due diligence	Due diligence

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