

**Deloitte.**



Energy Quarterly  
Update

Q1 2024



# DCF's Energy Practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the energy sector which enables DCF to help clients enhance value.



## Energy Leadership



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## Firm Overview

#2

2023 Global M&A  
Advisor by deal  
volume<sup>(1)</sup>.

542

Completed deals  
in 2023<sup>(1)</sup>.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, Deloitte has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **One of the top global middle-market financial advisor** in 2023 according to Mergermarket<sup>(1)</sup>.



## Sector Focus

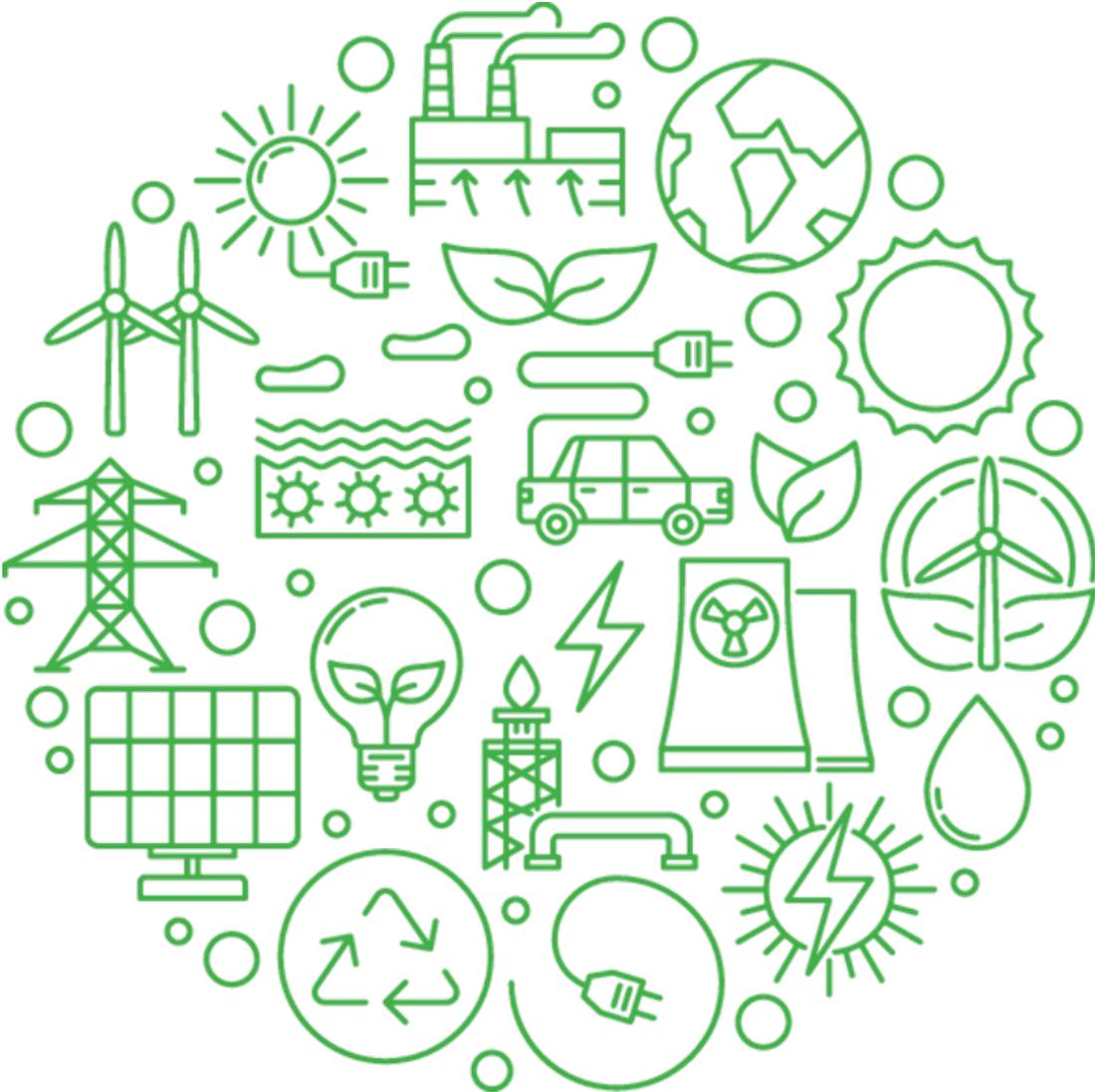
- Oil and Gas
- Renewable Energy
- Power and Utilities
- Nuclear Energy



**Footnote(s):** Refer to slide 12 for Appendix.  
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# Case study

## Cherry Street Energy, LLC

### Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi, Jonathan Price



has completed a majority recapitalization with



The undersigned acted as the financial advisor to Cherry Street Energy, LLC



Deloitte Corporate Finance LLC

### Client Overview

- Founded in 2015 in Atlanta Georgia, Cherry Street Holding Company, LLC (CSE or the Company) builds, owns, operates, and maintains renewable energy infrastructure in the built environment.
- CSE focuses on serving the renewable energy needs of municipalities, universities, schools, and hospitals as well as other large blue-chip commercial and industrial customers.
- CSE is the first and largest provider of non-utility renewable energy in Georgia.

### Transaction Results

- Completed a majority recapitalization of the Company with EBSCO Capital, LLC (EBSCO).
- Cherry Street Energy is now positioned to focus on expanding its footprint with existing customers, developing new customers, and building the power company of the future.

### DCF's Role

- CSE engaged Deloitte Corporate Finance LLC (DCF) to assist with efforts in finding a growth investor with an aligned vision on the market opportunity for growth in distributed energy.
- DCF added significant value by:
  - Assisting CSE with developing marketing materials and hosting a webinar to highlight CSE's operating projects and backlog, strong management team, and its case for growth based on its comprehensive service model.
  - Utilizing its extensive reach to network with the energy investment community in order to find a partner with a culture fit who met the key transaction objectives.
  - Managing an extensive due diligence process and assisting client with facilitating a complex transaction which supports CSE's stakeholders.

*"The Deloitte Corporate Finance team was instrumental during every phase of the deal process and helped us navigate a number of market and business dynamics along the way. DCF's knowledge of the renewables landscape and the effort put in by each member of the team was critical to our success. Their focus on driving important items to reach a successful outcome was fundamental in Cherry Street gaining such a great new partner in EBSCO Capital."*

—Michael Chanin  
Founder and CEO  
Cherry Street Energy

Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

# Case study

## SGC Power, LLC

### Deal Contacts

Eric Andreozzi, Keith Adams, Máté Bánhegyi, Jonathan Price



has been acquired by



The undersigned acted as the financial advisor to SGC Power, LLC



Deloitte Corporate Finance LLC

### Client Overview

- Founded in 2014 in Elkridge, MD, SGC Power, LLC (SGC or the Company), is a developer of community solar projects. The Company adds value by identifying, developing, and designing solar projects that produce long-term lease income for property owners while providing affordable clean energy to surrounding communities.
- SGC has a presence in Maryland, Pennsylvania, Virginia, Delaware, and Illinois, and has built reputation by educating local legislators and their neighborhoods about the benefits of community solar.

### Transaction Results

- SGC now operates as a business unit under the Pivot Energy brand, leveraging Pivot’s successful history of community solar projects to enter new markets and increase value to their property owners.
- SGC’s shareholders achieved their liquidity objectives while positioning the Company for accelerated growth with the help of Pivot’s industry insights and experience.

### DCF’s Role

- The Company engaged Deloitte Corporate Finance LLC (DCF) to find a partner with industry and operational experience that would facilitate rapid growth while providing liquidity to shareholders.
- DCF added significant value by:
  - Assisting the client with developing detailed marketing materials to highlight the Company’s portfolio and pipeline projects within a growing market for community solar.
  - Running a highly competitive marketing process, yielding interest from both financial sponsors and strategics, and assisting the Company’s shareholders with selecting a partner with a culture fit who met the key transaction objectives of the sellers.
  - Managing an extensive due diligence process, structuring a complex transaction which includes an earnout, and negotiating a seller-friendly deal structure at an attractive valuation.

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# Deloitte thought leadership

## Deloitte thought leadership

- Deloitte stays well-informed of industry trends and makes significant investments in producing cutting-edge thought leadership.
- Deloitte is deeply committed to providing insights that help keep clients on the forefront of critical trends.
- Focused research on energy industry drivers and trends helps enable Deloitte to demonstrate eminence in the business services market by redefining the lens through which industry leaders operate.

## Extensive knowledge network

DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to help drive results and provide differentiated insights for our clients.



## Recent insights



# Notable recent M&A transactions<sup>(1)</sup>

<p><b>Oil and Gas</b></p>	<p><b>Diamondback Energy and Endeavor Energy Resources Agree to Merge</b></p> <ul style="list-style-type: none"> <li>Diamondback Energy, Inc. and Endeavor Energy Resources, LP have agreed to a merger, creating a premier Permian basin independent operator. Under the agreement, Endeavor’s equity holders will receive 39.5% of the combined entity.</li> <li>The combined entity is expected to benefit from increased scale, with approximately 838,000 net acres and 816 MBOE/d of net production.</li> <li>Diamondback and Endeavor also expect to generate significant cost synergies from operational, capital, and corporate consolidation.</li> </ul>	<p><b>Announced Date:</b> February 2024  <b>EV:</b> \$25,794.1MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> N/A</p>
<p><b>Renewables</b></p>	<p><b>KKR agrees to acquire Avantus</b></p> <ul style="list-style-type: none"> <li>KKR Inc. in March 2024 agreed to acquire a majority stake in Avantus LLC, a U.S. developer of large utility-scale solar and solar plus storage projects.</li> <li>Avantus supports solar and energy storage development throughout the project lifecycle, from selecting a project site through operations, and owns a large project pipeline of 30 GW of solar and 94 GWh of battery storage.</li> <li>KKR has deep expertise in renewable energy, investing more than \$15B in this sector from its infrastructure platform.</li> </ul>	<p><b>Announced Date:</b> March 2024  <b>EV:</b> \$1,000.0MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> N/A</p>
<p><b>Power and Utilities</b></p>	<p><b>EQT Corp has agreed to acquire Equitrans Midstream Corp</b></p> <ul style="list-style-type: none"> <li>EQT Corporation is set to acquire Equitrans Midstream Corporation in an all-stock transaction where Equitrans shareholders are expected to own 26% of the combined company.</li> <li>Equitrans is one of the largest midstream natural gas service providers in North America.</li> <li>The acquisition creates a vertically integrated natural gas business with durable free cash flow in all price environments. On an annual basis, financial, production optimization, and operating synergies are valued at \$250MM.</li> </ul>	<p><b>Announced Date:</b> March 2024  <b>EV:</b> \$13,855.9MM  <b>Rev:</b> \$1,393.9MM  <b>EV/Rev:</b> 9.5x  <b>EV/EBITDA:</b> 13.5x</p>
<p><b>Nuclear</b></p>	<p><b>Great British Nuclear acquires Wylfa and Oldbury Development Sites</b></p> <ul style="list-style-type: none"> <li>Great British Nuclear has entered into an agreement to buy the Wylfa and Oldbury nuclear power plant development sites from Horizon Nuclear Power.</li> <li>The UK government aims to grow nuclear energy capacity to 24 GW by 2050, with a fleet of small modular reactors (SMRs).</li> <li>Six companies are bidding on the right to develop SMR nuclear projects in the UK, with tender responses due in June 2024.</li> </ul>	<p><b>Announced Date:</b> March 2024  <b>EV:</b> \$198.1MM  <b>Rev:</b> N/A  <b>EV/Rev:</b> N/A  <b>EV/EBITDA:</b> N/A</p>

**Footnote(s):** Refer to slide 12 for Appendix.

# Oil and gas

## Sector trends<sup>(1)</sup>

- At the end of Q1 2024, U.S. crude oil production fell to 12.8MM bbl/day, down 0.4MM bbl/day from Q4 2023. The EIA predicts U.S. production will return to record highs in 2024 in response to production cuts announced from OPEC+.
- In the EIA's March 2024 Short Term Energy Outlook report, US natural gas prices closed at \$2.13/MMBtu, \$0.54 below February's forecast. A surplus of natural gas at the start of winter and mild winter temperatures resulted in below-average natural gas consumption and led to excess inventory in March.
- Oil and gas upstream M&A deal value reached a Q1 record in 2024, totaling more than \$51B. 60% of upstream M&A transaction value in Q1 2024 is a result of the Endeavor energy and Callon Petroleum deals, as well as smaller bolt-on acquisitions.

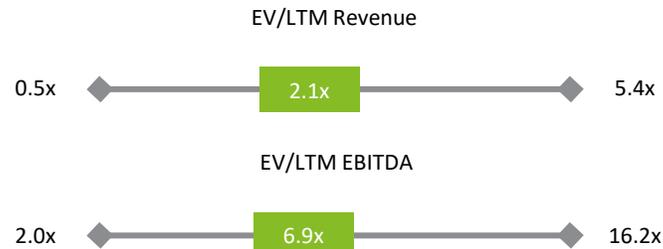
## Select public comparables<sup>(3)</sup>

Company name	Enterprise value (MM)
Exxon Mobil Corporation	\$485,128.2
Chevron Corporation	311,784.6
ConocoPhillips	162,761.3
Marathon Petroleum Corporation	97,879.7
Phillips 66	88,135.8
Valero Energy Corporation	65,625.5
Hess Corporation	55,255.8
Halliburton Company	41,838.8
Devon Energy Corporation	37,629.1
Southwestern Energy Company	12,424.8
Transocean, Ltd	12,291.6

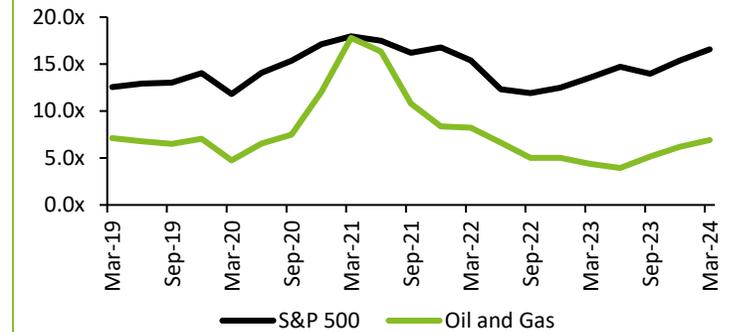
## Select recent M&A activity<sup>(2)</sup>

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Feb-24	Endeavor Energy Resources, LP	Diamondback Energy, Inc.	\$25,794.1	N/A
Mar-24	Equitrans Midstream Corp	EQT Corp	13,900.0	13.5x
Jan-24	Southwestern Energy Company (NYSE:SWN)	Chesapeake Energy Corporation	11,507.9	1.8x
Jan-24	Callon Petroleum Company	APA Corporation	4,572.2	3.4x
Feb-24	Aera Energy LLC	California Resources Corporation	2,095.2	N/A
Jan-24	QuarterNorth Energy Inc.	Talos Energy Inc.	1,552.3	N/A
Mar-24	Summit Midstream Utica LLC	MPLX LP	625.0	N/A
Mar-24	Talos Low Carbon Solutions LLC	Total Energies SE	125.0	N/A

## Trading metrics<sup>(4)</sup>



## Historical EV/EBITDA multiples<sup>(4)</sup>



**Footnote(s):** Refer to slide 12 for Appendix.

# Renewable energy

## Sector trends<sup>(1)</sup>

- Oceanic Network reports installed offshore wind capacity in the U.S. grew to 242 MW in the Q1 2024, up 200 MW from Q1 2023. The U.S. offshore wind market is expected to stabilize and show signs of growth, with the next twelve months showing significant promise for supply chain development and increased investment.
- Wood Mackenzie's Q1 2024 Energy Storage Monitor report found that the U.S. energy storage industry deployed 8.7 GW, growth of 90% year-over-year. The storage boom has been supported in part by declines in battery prices, due to lower-than-expected EV demand in the U.S. and EU and an oversupply of battery grade lithium raw material.
- Total corporate funding in the solar sector in Q1 2024 came to \$8.1B in 41 deals. Funding increased 47% quarter-over-quarter compared to \$5.5B in 37 deals during Q4 2023. Robust recovery amidst an environment of high interest rates and construction costs suggests that solar will continue having a strong year in 2024.

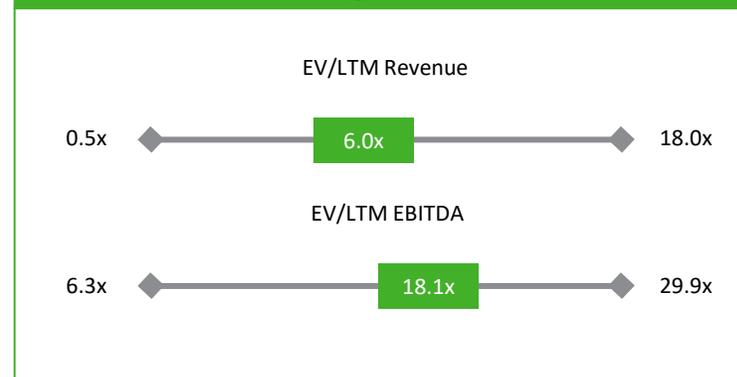
## Select public comparables<sup>(3)</sup>

Company name	Enterprise value (MM)
Brookfield Renewable Partners, LP	\$80,408.5
NextEra Energy Partners, LP	19,396.7
First Solar Inc	16,558.0
Enphase Energy Inc	16,046.9
Sunrun Inc	15,080.3
Sunnova Energy International Inc	8,675.0
Ormat Technologies Inc	6,060.3
Canadian Solar Inc	4,081.8
Array Technologies Inc	3,065.5
Fluence Energy Inc	2,078.4
Shoals Technologies Group Inc	2,067.3
SunPower Corporation	819.4
Ballard Power Systems Inc	156.0

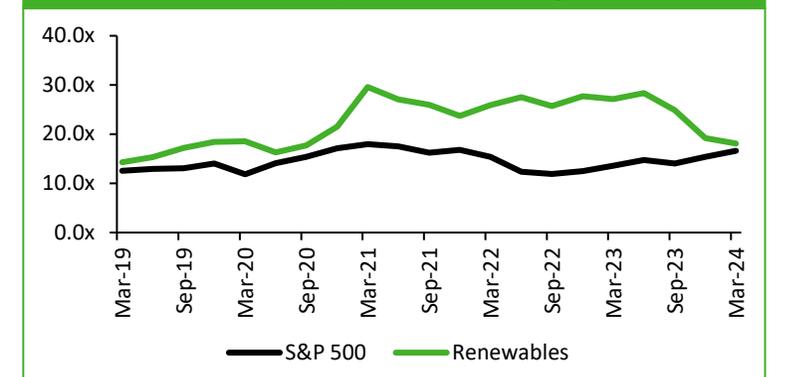
## Select recent M&A activity<sup>(2)</sup>

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Mar-24	Avantus LLC	KKR, Inc.	\$1,000.0	N/A
Mar-24	Terra-Gen	Abu Dhabi Future Energy Company PJSC	N/A	N/A
Jan-24	Heelstone	Qualitas Energy	N/A	N/A

## Trading metrics<sup>(4)</sup>



## Historical EV/EBITDA multiples<sup>(4)</sup>



**Footnote(s):** Refer to slide 12 for Appendix.

# Power and utilities



## Sector trends<sup>(1)</sup>

- Net electricity generation in the U.S. increased 3.6% in February 2024 compared to February 2023, primarily driven by increased coal and natural gas power generation. Average retail revenue per kWh grew 0.3% over the same period. Year-over-year revenue per kWh in the commercial and residential end-use sectors grew 0.9% and 0.8%, respectively, and revenue per kWh in the industrial end-use sector decreased 3.6%.
- Surpluses of natural gas from a mild winter caused wholesale electricity prices to fall considerably from January to February. Trading hubs in Louisiana, the Midwest, and the Mid-Atlantic all set new 12-month lows.
- In February 2024, the Department of Energy launched a solicitation for up to \$1.2B in transmission contracts with the goal of increasing interregional transmission capacity. This is the second round of potential funding from the Department of Energy's \$2.5B Transmission Facilitation program.

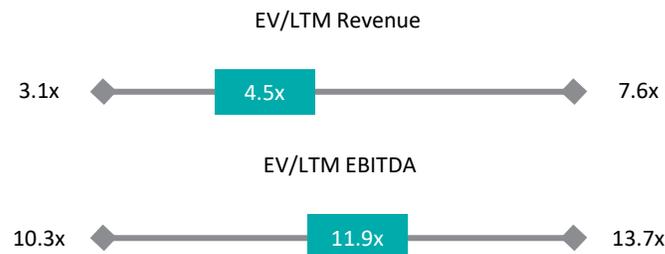
## Select public comparables<sup>(3)</sup>

Company name	Enterprise value (MM)
NextEra Energy Inc	\$214,103.7
Duke Energy Corporation	158,036.9
The Southern Company	144,982.4
PG&E Corporation	93,109.5
American Electric Power Company Inc	88,755.7
Dominion Energy Inc	87,923.2
Sempra	83,122.8
Exelon Corporation	81,443.0
Xcel Energy Inc	57,256.6
Consolidated Edison Inc	55,198.8
Entergy Corporation	49,285.2
Eversource Energy	47,945.2
WEC Energy Group Inc	45,059.7
DTE Energy Company	44,153.6
Ameren Corporation	36,321.1
CenterPoint Energy Inc	36,005.9
Avangrid Inc	27,283.3
Black Hills Corporation	8,133.7
ALLETE Inc	5,750.9

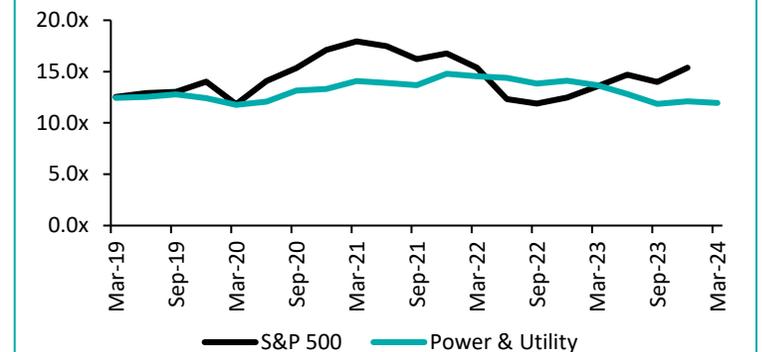
## Select recent M&A activity<sup>(2)</sup>

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Feb-24	Louisiana and Mississippi Natural Gas LDC Businesses of CenterPoint Energy	Delta Utilities	\$1,200.0	N/A
Mar-24	Talos Low Carbon Solutions LLC	Total Energies SE	125.0	N/A

## Trading metrics<sup>(4)</sup>



## Historical EV/EBITDA multiples<sup>(4)</sup>



**Footnote(s):** Refer to slide 12 for Appendix.

# Nuclear energy

## Sector trends<sup>(1)</sup>

- Monthly nuclear utility generation grew 6.2% year-over-year, totaling an annualized 64,600GWh, primarily due to lower rates of nuclear power plant outages.
- In March 2024, the Biden administration announced a \$1.5B loan for the first ever restart of a shuttered US nuclear reactor in Covert Township, Michigan. This announcement is the latest sign of strengthening federal government support for the atomic industry.
- In January, the Biden administration finalized a \$1.1B grant program aimed to keep Diablo Canyon, California’s last nuclear plant, open. Diablo’s two reactors, which provide 9% of California’s power generation, had been slated to be shut off in 2024 and 2025 due to rising safety and material costs. The \$6B Civil Nuclear Credit Program funded by the IIJA is a critical piece in the Biden administration’s plan to reach 100% clean energy by 2035.

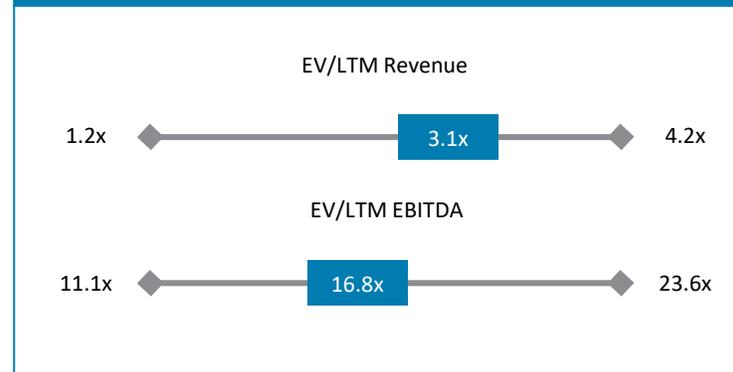
## Select recent M&A activity<sup>(2)</sup>

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Mar-24	Wylfa and Oldbury development sites	Great British Nuclear	\$198.1	N/A

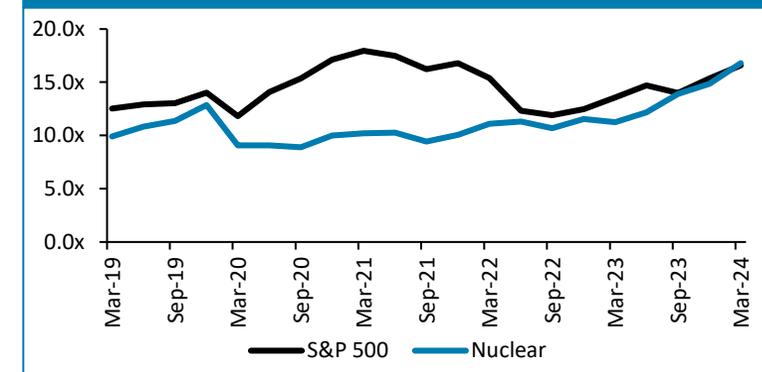
## Select public comparables<sup>(3)</sup>

Company name	Enterprise value (MM)
Huntington Ingalls Industries Inc	\$13,833.5
Curtiss-Wright Corporation	10,598.1
BWX Technologies Inc	10,534.3

## Trading metrics<sup>(4)</sup>



## Historical EV/EBITDA multiples<sup>(4)</sup>



**Footnote(s):** Refer to slide 12 for Appendix.

## Sources Cited

## Page 2:

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  - b. “KKR Invests in Avantus to Support Renewable Energy Deployment in the United States”, Businesswire, March 2024.
  - c. “EQT Announces Transformative Acquisition of Equitrans Midstream”, EQT, March 2024.
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2. Relevant transactions announced in Q1, 2024.
  - a. “Transactions Screening”, S&P Capital IQ, April 2024.
3. Select public comparables set in Q1, 2024.
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  - a. “Electricity Monthly Update”, EIA, April 2024.
  - b. “Regional Wholesale Markets”, EIA, April 2024 .
  - c. “DOE launches solicitation for up to \$1.2B in transmission capacity contracts”, Utility Dive, April 2024.
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  - b. “Biden administration will lend \$1.5B to restart Michigan nuclear power plant, a first in the US”, AP News, March 2024.
  - c. “Biden administration finalizes a \$1.1 billion aid package for California’s last nuclear power plant”, AP News, April 2024.
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  - a. “Company Screening”, S&P Capital IQ, April 2024.



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