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Energy Quarterly
Update

Q3 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⁽¹⁾.

542

Completed deals
 in 2023⁽¹⁾.

- 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⁽¹⁾.



Sector Focus

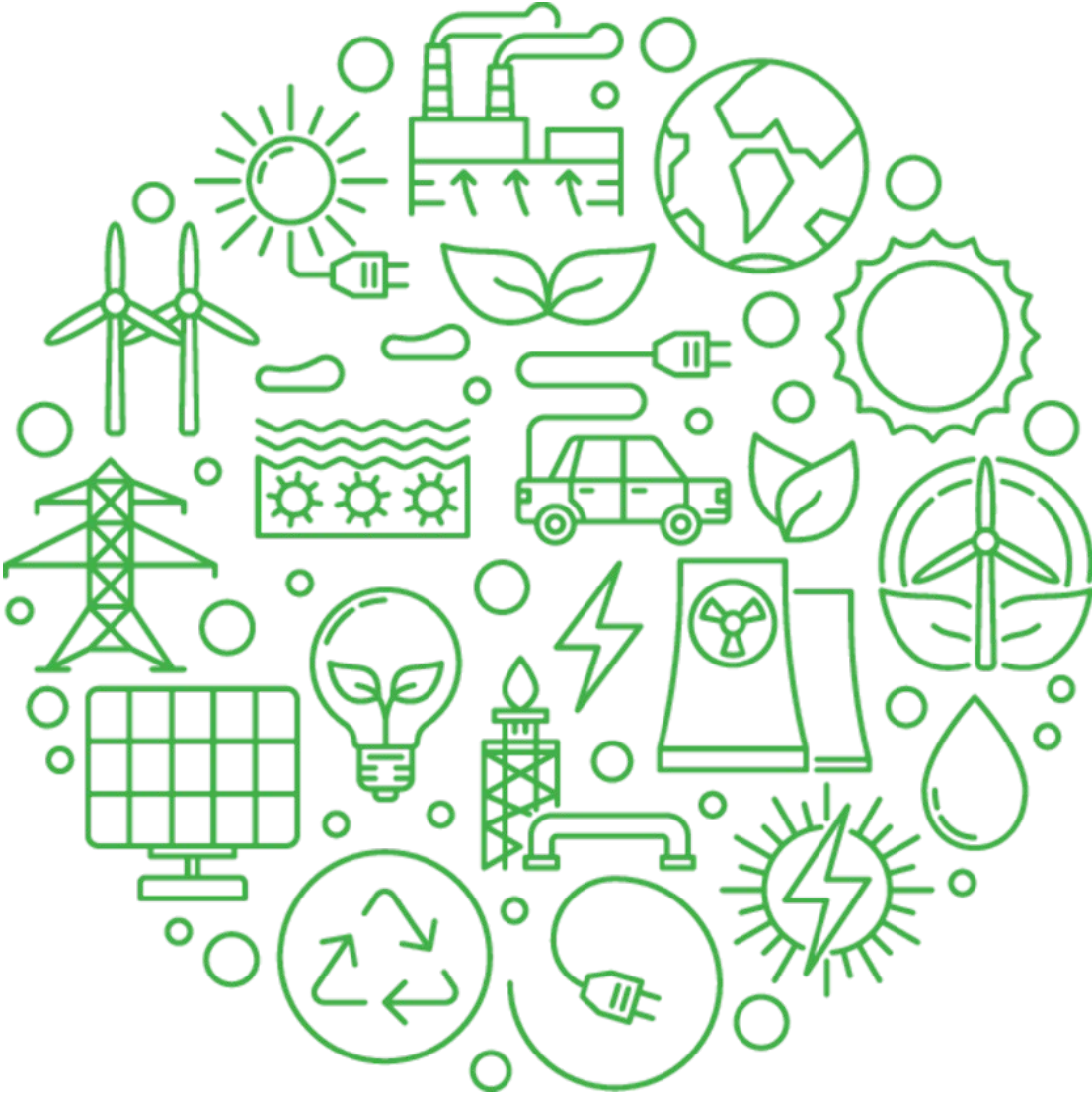
- Oil and Gas
- Renewable Energy
- Power and Utilities
- Nuclear Energy



Footnote(s): Refer to slide 12 for Appendix.
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Click on items above to jump to section



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⁽¹⁾

<p>Oil and Gas</p>	<p>ONEOK Inc. to Acquire Medallion Midstream, LLC</p> <ul style="list-style-type: none"> • ONEOK has entered definitive agreement to acquire 100% of the equity interests in Medallion Midstream, LLC. • ONEOK is a leading midstream operator with a more than 50,000-mile pipeline network. • Medallion Midstream is the largest privately held crude gathering and transportation system in the Permian's Midland Basin. • The addition of Medallion Midstream and a controlling interest in EnLink Midstream establishes a fully integrated Permian Basin platform at scale, expanding ONEOK's geographic footprint and providing synergies through complementary asset positions. 	<p>Announced Date: August 2024 EV: \$2,600.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: 6.3x</p>
<p>Renewables</p>	<p>LS Power to Acquire Algonquin Power & Utilities' Renewables Business</p> <ul style="list-style-type: none"> • LS Power has agreed to acquire Algonquin Power & Utilities' renewables business in an all-cash transaction. • LS Power is a New York-based developer and operator of wind and solar assets located throughout the US and Canada. • Algonquin Power & Utilities is a renewable energy and regulated utility company based in Canada with over 47.0GW of power generation facilities. • LS Power will acquire 44 operating assets and an 8.0GW project pipeline to complement their existing renewable portfolio. 	<p>Announced Date: August 2024 EV: \$2,500.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Power and Utilities</p>	<p>Quantum Capital Group to Acquire Cogentrix Energy</p> <ul style="list-style-type: none"> • Quantum Capital Group announced in August 2024 its planned acquisition of Cogentrix Energy from The Carlyle Group. • Quantum Capital Group is a Houston-based private equity firm specializing in the energy and energy transition industries. • Cogentrix Energy is a leading independent power producer that operates, develops, and acquires power generation assets. • Quantum's proven leadership in power generating assets is expected to facilitate platform growth with a focus on gas-fired power generation, renewables, and battery storage. 	<p>Announced Date: August 2024 EV: \$3,000.0MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>
<p>Nuclear</p>	<p>Vistra Corp to Acquire Equity Interests of Vistra Vision LLC</p> <ul style="list-style-type: none"> • Vistra Corp is set to acquire a 15% stake in its subsidiary Vistra Vision LLC from shareholders Nuveen and Avenue Capital for approximately \$3,085MM. • Vistra Vision owns nuclear generation facilities with a capacity of nearly 6.4GW. • The deal simplifies the overall structure of the parent company by acquiring the minority interest at an attractive valuation, according to Vistra Corp CEO Jim Burke. 	<p>Announced Date: September 2024 EV: \$20,566.7MM Rev: N/A EV/Rev: N/A EV/EBITDA: N/A</p>

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

Oil and gas



Sector trends⁽¹⁾

- At the end of Q3 2024, U.S. crude oil production rose to 13.3MM bbl/day, up 0.1MM bbl/day from Q2 2024. The U.S. Energy Information Administration (EIA) estimates that global oil inventories fell by 73.6MM bbl in Q3 2024, primarily the result of OPEC+ production cuts.
- In the EIA's October 2024 Short Term Energy Outlook report, U.S. natural gas prices averaged \$2.28/MMBtu in Q3 2024, \$0.21 more than the previous quarter.
- The Energy Department announced in August 2024 it was targeting to buy 3.6MM bbl of domestically produced crude oil to replenish the Strategic Petroleum Reserve after selling a record amount in response to the war in Ukraine.

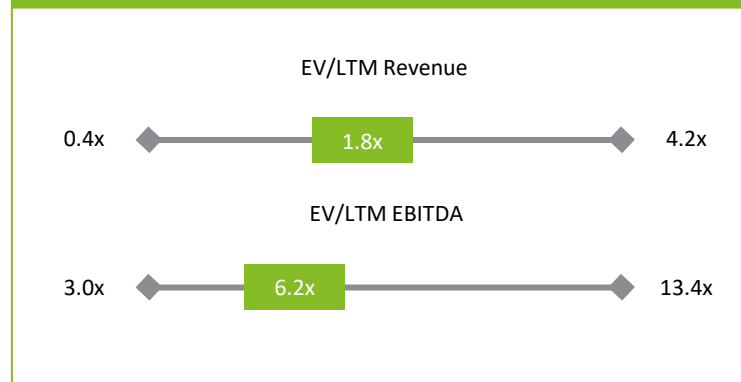
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Sep-24	Citgo Petroleum Corp (PDV Holding Inc.)	Amber Energy	\$7,286.0	N/A
Jul-24	Grayson Mill Energy	Devon Energy	5,000.0	N/A
Aug-24	Medallion Midstream, LLC	ONEOK Inc.	2,600.0	6.3x
Jul-24	Tellurian Inc.	Woodside Energy Group Ltd	1,200.0	N/A
Aug-24	Piñon Midstream	Enterprise Products Partners L.P.	950.0	N/A

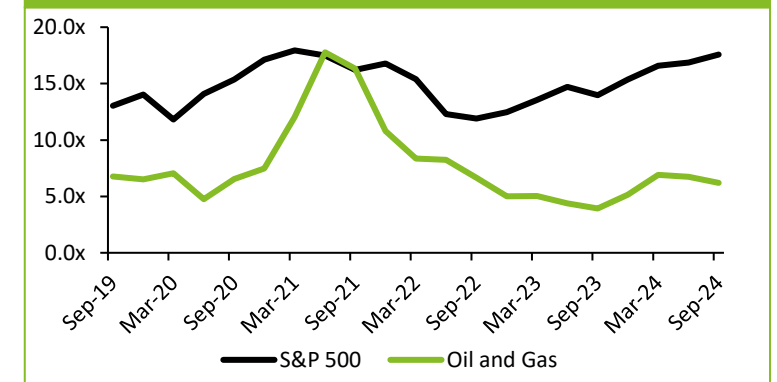
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Exxon Mobil Corporation	\$545,375.1
Chevron Corporation	289,550.6
ConocoPhillips	134,591.4
Marathon Petroleum Corporation	82,899.4
Phillips 66	73,588.9
Valero Energy Corporation	51,563.0
Hess Corporation	50,276.4
Halliburton Company	32,282.2
Devon Energy Corporation	30,036.9
Southwestern Energy Company	12,134.6
Transocean, Ltd	10,547.7

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



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

Renewable energy

Sector trends⁽¹⁾

- The Federal Energy Regulatory Commission (FERC) announced that renewables accounted for 90.0% of new generating capacity in the U.S. through July 2024.
- For the past 11 months, FERC data has indicated solar projects are the largest source of new generating capacity, adding 1.3GW of capacity in July 2024 and representing year-to-date additions to capacity that were 81.2% higher than the previous year.
- FERC and the EIA announced that renewable energy sources accounted for over 30.0% of the total U.S. utility-scale electrical generating capacity as of July 2024. Solar and wind represent 20.9% of the total available utility-scale electrical generating capacity.

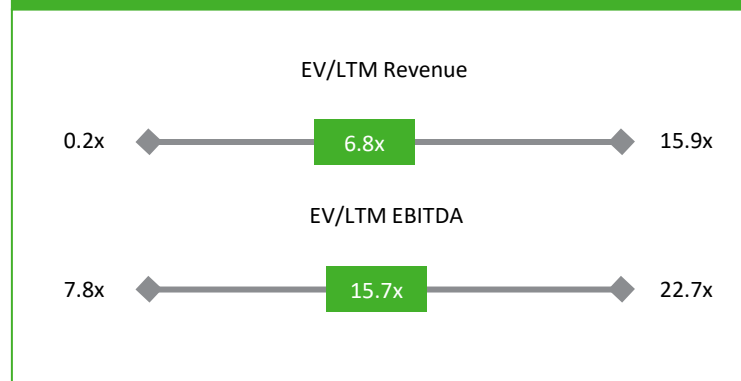
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Aug-24	Algonquin Power & Utilities Renewables	LS Power	\$2,500.0	N/A
Jul-24	SRE Power, Inc.	Asia Properties, Inc.	72.0	N/A

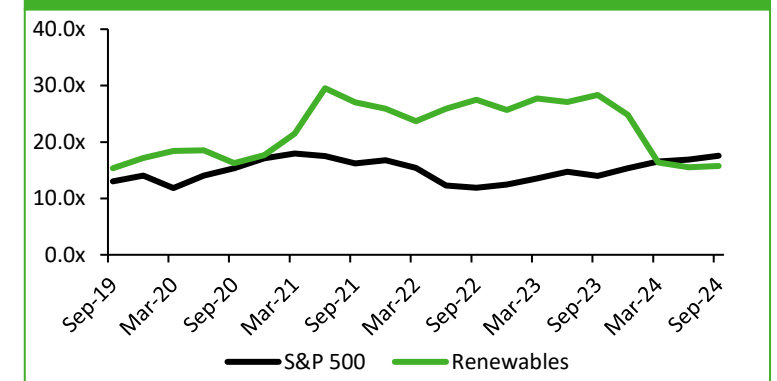
Select public comparables⁽³⁾

Company Name	Enterprise value (MM)
Brookfield Renewable Partners, LP	\$84,010.6
First Solar Inc	25,583.4
NextEra Energy Partners, LP	18,401.6
Sunrun Inc	17,085.8
Sunnova Energy International Inc	9,883.8
Ormat Technologies Inc	7,110.4
Canadian Solar Inc	4,858.7
Array Technologies Inc	1,798.3
Shoals Technologies Group Inc	1,078.4
SunPower Corporation	293.0

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



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Power and utilities



Sector trends⁽¹⁾

- Net electricity generation in the U.S. increased 1.1% in July 2024 compared to July 2023. Average retail revenue per kWh grew 2.1% over the same period. Year-over-year revenue per kWh in the commercial and residential end-use sectors grew 2.8% and 3.6% while year-over-year revenue per kWh in the industrial sector decreased 1.5%.
- U.S. wholesale electricity prices were moderate through the first half of the summer, with most regional prices remaining near yearly averages. Along the West Coast, peak prices more than doubled from June to July due to high energy demand as a result of warm weather in the region.
- Through the second half of 2024, total US electricity generation additions are expected to rise 42.6GW. Driven by surging demand from data centers and electrification, additions are expected to more than double those from H1 2024.

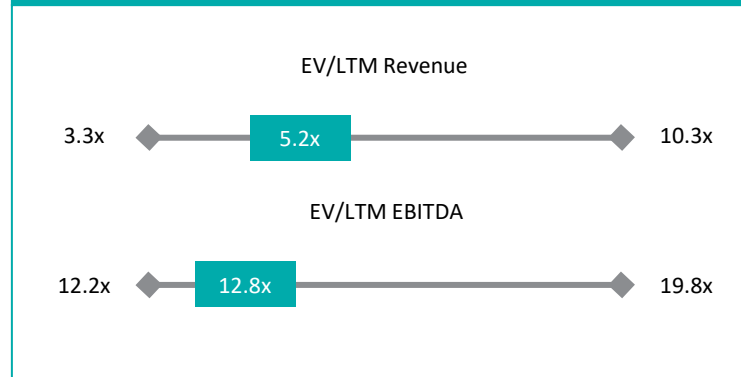
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
NextEra Energy Inc	\$265,117.0
Duke Energy Corporation	175,079.9
The Southern Company	166,736.9
PG&E Corporation	101,805.6
American Electric Power Company Inc	98,547.8
Sempra	92,696.0
Dominion Energy Inc	92,017.3
Exelon Corporation	85,832.2
Xcel Energy Inc	65,408.8
Consolidated Edison Inc	61,104.3
Entergy Corporation	55,871.0
Eversource Energy	53,397.0
WEC Energy Group Inc	49,314.5
DTE Energy Company	48,719.4
Ameren Corporation	41,215.8
CenterPoint Energy Inc	37,736.6
Avangrid Inc	28,619.5
Black Hills Corporation	8,571.4

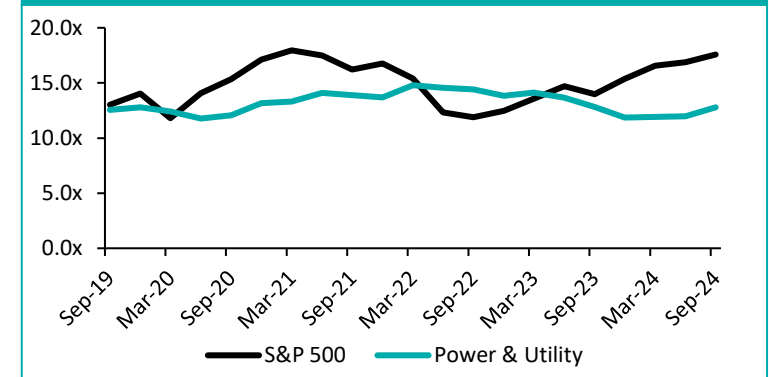
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Aug-24	Cogentrix Energy	Quantum Capital Group	\$3,000.0	N/A
Sep-24	AES Ohio/ Dayton Power and Light	CDPQ	1,820.0	N/A
Aug-24	New Mexico Gas Company, Inc.	Emera Inc.	1,252.0	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



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

Nuclear energy

Sector trends⁽¹⁾

- As of July 2024, monthly nuclear utility generation was flat year-over-year at an annualized generation of 69,900.0GWh.
- The Department of Energy launched a \$100.0MM nuclear safety training and workforce development program in September to support the estimated tripling of nuclear sector jobs by 2050.
- As a part of the Inflation Reduction Act's Energy Infrastructure Reinvestment program, the Department of Energy announced in September 2024 a \$1,520.0MM loan guarantee to help finance the restoration and resumption of services of an 800.0MW nuclear generating facility in Michigan.
- In September 2024, Constellation Energy and Microsoft announced a 20-year power supply deal which will entail Constellation reopening Unit 1 of Three Mile Island. The agreement is a major milestone in Microsoft's efforts to decarbonize the grid and demonstrates the growing energy demand from data centers to support growth in AI.

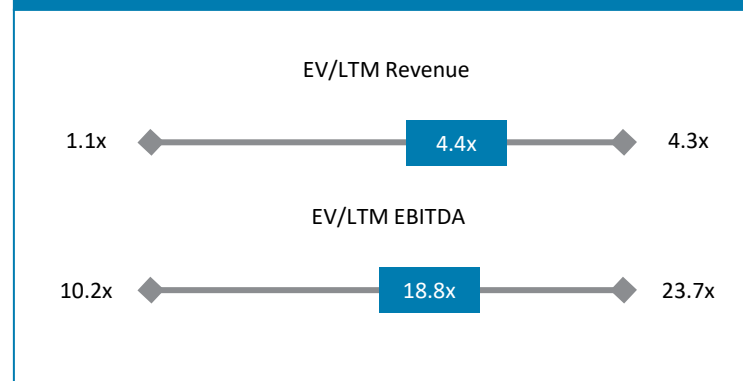
Select public comparables⁽³⁾

Company name	Enterprise value (MM)
Curtiss-Wright Corporation	\$13,379.3
Huntington Ingalls Industries Inc	13,237.7
BWX Technologies Inc	11,101.4

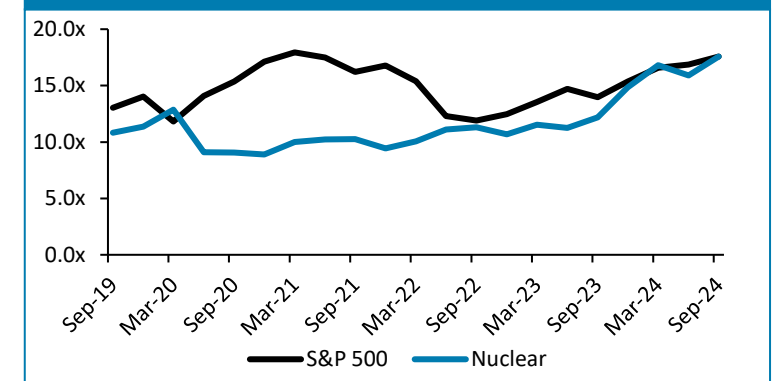
Select recent M&A activity⁽²⁾

Announced Date	Target	Acquiror	Implied EV (MM)	EV/EBITDA
Sep-24	Vistra Vision LLC	Vistra Corp	\$20,566.7	N/A

Trading metrics⁽⁴⁾



Historical EV/EBITDA multiples⁽⁴⁾



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

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 - b. "US seeks about 3.6 million barrels of oil for SPR, Energy Department says", Reuters, August 2024.
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 - c. "US Adds Most Power Generation in 21 Years as AI Demand Surges", BNN Bloomberg, August 2024.
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 - b. "Department of Energy Launches \$100 Million Nuclear Safety Training and Workforce Development Program", U.S. Office of Nuclear Energy, September 2024.
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