
ILLUSTRATIVE QUESTIONNAIRE FOR DUE DILIGENCE OF RENEWABLE ENERGY ASSETS (Equity)

Published by



Project:

Illustrative Questionnaire for Due Diligence of RENEWABLE ENERGY ASSETS (EQUITY)

This due diligence questionnaire is a tool to assist investors when considering whether or not to invest in renewable energy assets (equity). While renewable energy assets come in a variety of shapes, each with its own peculiarities, it is most important to fully understand the risks before you invest

Not all of the following questions are applicable to all assets but we recommend that you ask as many questions as possible before making a decision.

DISCLAIMER

Whilst Megawatt-X has used all reasonable efforts to produce a questionnaire of general application in connection with a due diligence appraisal of renewable energy assets, in any particular case an investor is likely to have its own individual requirements and asset its own characteristics. As a result, prior to any individual investor sending out the questionnaire, it is strongly recommended that the questions are reviewed and, where necessary, amended to suit its own requirements.

In addition, you should review with your legal counsel and other advisors the value of the responses and to what extent, if any, you may rely upon such responses.

None of Megawatt-X, its officers, employees or agents makes any representation or warranty, express or implied, as to the adequacy, completeness or correctness of the questionnaire. No liability whatsoever is accepted by Megawatt-X, its officers, employees or agents for any loss howsoever arising from any use of this questionnaire or its contents or otherwise arising in connection therewith. For the avoidance of doubt, note that by providing this questionnaire, Megawatt-X does not act as legal counsel in any jurisdiction.

© Megawatt-X
29 Throgmorton Street - London EC2N 2AT
Tel +44 (0)20 3544 4029
info@megawatt-x.com
www.megawatt-x.com

Illustrative questionnaire for Due Diligence of Renewable Energy Assets

CONTENTS

Items	Page No.
© Megawatt-X.....	2
Contents	3
0. KEY PERFORMANCE INDICATORS	5
0.1 Overview	5
0.2 Resources	5
0.3 Operations (in '000 [currency]) /MW installed	5
0.4 B/S (in '000 [currency]) /MW installed	5
0.5 Cash Flow Statement (in '000 [currency]) /MW installed	5
0.6 Key Ratios (<i>see definitions - last page</i>).....	5
1 Seller's information	6
1.1 Contact information	6
1.2 Company	6
1.3 Ownership	7
1.4 Organisation (<i>not required if the Seller is not the Asset manager</i>).....	7
1.5 Seller's track record.....	8
1.6 Business continuity and insurance (<i>not required if the seller is not the manager</i>)	8
2 ASSET MANAGER's information (if different from seller).....	9
2.1 Contact information	9
2.2 Company	9
2.3 Ownership	10
2.4 Organisation	10
2.5 Manager's track record	11
2.6 Business continuity and insurance	11
3 LEGAL	12
4 ANTI-MONEY LAUNDERING POLICY	12
5 INFORMATION ON ASSET	13
5.1 SPV details	13
5.2 Land & Building	13
5.3 Construction (<i>not required if the Asset's management is not transacted</i>)	14
5.4 Grid connection & Commercial Arrangements	14
5.5 Renewable Resources	15
5.6 Technology & Operations.....	16
5.7 Legal	16
5.8 Financial	17
5.9 Auditor.....	17
5.10 Legal adviser (s)	18
5.11 General	18
Definitions & Methologies.....	19

The information given herein is correct as at: 06/01/2016 13:38 and has been completed by [...]

NB: THE INFORMATION GIVEN HEREIN IS CORRECT AS AT WEDNESDAY, 06 JANUARY 2016

NAVIGATING THIS DOCUMENT	Please use tab-key or point mouse to the beginning of the input field
INPUTTING DATA	The size of the fields will automatically adjust to the length of your input
UPDATING PAGE NUMBERS	As this questionnaire is completed (thus grows), page numbers on the index page will NOT be updated automatically. To update the index page (which is a table), click to the left of the table (at any point) then press F9 on your keyboard. Select the first option: to update page numbers only

0. KEY PERFORMANCE INDICATORS				
0.1 OVERVIEW				
0.1.1	GPS Coordinates	N		W/E
0.1.2	Technology Supplier			
0.1.3	Start of Operations			
0.1.4	Capacity (of SPV)	Total	MW	For sale
				MW
0.2 RESOURCES				
	Year	y-2	y-1	Current (actual + projection)
0.2.1	Number of hours			
0.2.2	Load factor	%	%	%
0.2.3	Last Resource Study / Date			
0.2.4	Last Resource Study / Supplier			
0.3 OPERATIONS (IN '000 [CURRENCY]) /MW INSTALLED				
	Year	y-2	y-1	Current (actual + projection)
0.3.1	Revenue			
0.3.2	O&M			
0.3.3	EBITDA			
0.3.4	D&A			
0.3.5	EBIT			
0.3.6	Net Result			
0.3.7	Operational Cash Flow			
0.4 B/S (IN '000 [CURRENCY]) /MW INSTALLED				
	Year	y-2	y-1	Current (actual + projection)
0.4.1	Net Fixed Assets			
0.4.2	Net Capital Employed			
0.4.3	Debt			
0.4.4	Shareholders' Equity			
0.5 CASH FLOW STATEMENT (IN '000 [CURRENCY]) /MW INSTALLED				
	Year	y-2	y-1	Current (actual + projection)
0.5.1	From Operations			
0.5.2	From Investments			
0.5.3	From financing (debt)			
0.5.4	From financing (capital)			
0.5.5	Net changes in capital position			
0.6 KEY RATIOS (SEE DEFINITIONS - LAST PAGE)				
	Year	y-2	y-1	Current (actual + projection)
0.6.1	Revenue per MWh			
0.6.2	O&M per MWh			
0.6.3	DSCR			
0.6.4	Net Debt/EBITDA			
0.6.5	Amortisation Rate	%	%	%
0.6.6	Average debt maturity (in y.)			
0.6.7	Average cost of debt	%	%	%

1 SELLER'S INFORMATION		
1.1 CONTACT INFORMATION		
1.1.1	Company name:	
1.1.2	General Description / Profile	
1.1.3	Address:	
1.1.4	Telephone:	
1.1.5	E-mail:	
1.1.6	Name of contacts:	
1.1.7	Title of contacts:	
1.1.8	Telephone of contacts:	
1.1.9	E-mail of contacts:	
1.1.10	Internet/website:	
1.2 COMPANY		
1.2.1	Please give a brief history of the company and, if applicable, group structure:	
1.2.2	Type of company/entity:	
1.2.3	Date and place of incorporation and registered number:	
1.2.4	Domicile:	
1.2.5	Subsidiaries, branch offices or other locations, if any:	
1.2.6	What functions are performed at these subsidiaries, branches and locations?	
1.2.7	Which regulatory authority is the company registered with? <ul style="list-style-type: none"> • Name(s) of regulatory bodies: • Date of registration: • Registration number: • Scope of registered activities: • List individuals also registered with the same authority in relation to the company's registration: 	
1.2.8	Specify reliance on any regulatory exemptions:	
1.2.9	Please specify the date of the most recent regulatory inspection if any:	
1.2.10	List any affiliations, directorships and memberships of the company and/or its principals:	
1.2.11	Specify nature of services provided by the company (discretionary investment management or advisory):	
1.2.12	Please list the total assets under management by the company across its different categories of client	-

1.3 OWNERSHIP		
1.3.1	Describe the company's and group ownership structure, name of its owners, their percentage ownership, and their role within the company:	
1.4 ORGANISATION (NOT REQUIRED IF THE SELLER IS NOT THE ASSET MANAGER)		
1.4.1	How many full-time employees are there?	
1.4.2	Please provide a short background of principals (education, career background, etc.): <ul style="list-style-type: none"> Please, attach information if necessary. 	
1.4.3	Who are the key principals and how are the key-man issues addressed and managed?	
1.4.4	How many investment professionals (portfolio managers, analysts, etc) are in the company and what due diligence was carried out prior to their appointment?	-
1.4.5	Please enclose an organisation chart depicting the names of senior managers in charge of the following areas and headcount: <ul style="list-style-type: none"> Trading: Reporting, performance analysis: Strategy, research and development: IT/Programming: Administration: Risk Management: COO/Operations: Legal: Compliance: Marketing and business development: Others (please specify): 	
1.4.6	What has been the turnover rate among the company's personnel? Please list joiners/leavers of key staff over last (two) years.	-
1.4.7	Where are the accounts maintained?	
1.4.8	Are outside representatives or consultants used for any activities? If so, give details:	
1.4.9	Please provide details of the appointed legal counsel and auditors?	
1.4.10	Have the auditors ever issued	

	qualified financial statements?	
1.4.11	Do you have a relationship (e.g. seeding arrangement) with another investment manager?	
1.5 SELLER'S TRACK RECORD		
1.5.1	Number of portfolios/accounts/products managed by the company:	
1.5.2	Number of funds managed/advised by the company: <ul style="list-style-type: none"> Names and sizes of these funds: 	
1.5.3	Total assets managed/advised by the company:	
1.5.4	Oldest continuously active account:	
1.5.5	Largest current account:	
1.5.6	Length of track record:	
1.5.7	Has the track record been audited? If yes, by whom?	
1.5.8	Describe the current REA portfolio, under management SoO Date of acquisition Minority Shareholders Past exits	
1.5.9	Describe the current REA portfolio, managed by third parties Managers SoO Date of acquisition Minority Shareholders Past exits	
1.6 BUSINESS CONTINUITY AND INSURANCE (NOT REQUIRED IF THE SELLER IS NOT THE MANAGER)		
1.6.1	Business Continuity Does the company have a formal business continuity management plan? Please describe the basic provisions:	
1.6.2	Insurance Does the manager currently hold insurance for the following: <ul style="list-style-type: none"> Directors' & Officers' Liability? <ol style="list-style-type: none"> For the funds For the management companies Professional Indemnity or Errors and Omissions? Crime (Employee fidelity/third party fraud)? Key Person Insurance? <i>N.B.: if you are not restricted</i>	

	from disclosing such information under your policy(ies)	
2 ASSET MANAGER'S INFORMATION (IF DIFFERENT FROM SELLER)		
2.1 CONTACT INFORMATION		
2.1.1	Company name:	
2.1.2	General Description / Profile	
2.1.3	Address:	
2.1.4	Telephone:	
2.1.5	E-mail:	
2.1.6	Name of contacts:	
2.1.7	Title of contacts:	
2.1.8	Telephone of contacts:	
2.1.9	E-mail of contacts:	
2.1.10	Internet/website:	
2.2 COMPANY		
2.2.1	Please give a brief history of the company and, if applicable, group structure:	
2.2.2	Type of company/entity:	
2.2.3	Date and place of incorporation and registered number:	
2.2.4	Domicile:	
2.2.5	Subsidiaries, branch offices or other locations, if any:	
2.2.6	What functions are performed at these subsidiaries, branches and locations?	
2.2.7	Which regulatory authority is the company registered with? <ul style="list-style-type: none"> • Name(s) of regulatory bodies: • Date of registration: • Registration number: • Scope of registered activities: • List individuals also registered with the same authority in relation to the company's registration: 	
2.2.8	Specify reliance on any regulatory exemptions:	
2.2.9	Please specify the date of the most recent regulatory inspection if any:	
2.2.10	List any affiliations, directorships and memberships of the company and/or its principals:	
2.2.11	Specify nature of services provided by the company (discretionary investment management or advisory):	
2.2.12	Please list the total assets under management by the	-

	company across its different categories of client including the fund:	
2.3 OWNERSHIP		
2.3.1	Describe the company's and group ownership structure, name of its owners, their percentage ownership, and their role within the company:	
2.4 ORGANISATION		
2.4.1	How many full-time employees are there?	
2.4.2	Please provide a short background of principals (education, career background, etc.): <ul style="list-style-type: none"> Please, attach information if necessary. 	
2.4.3	Who are the key principals and how are the key-man issues addressed and managed?	
2.4.4	How many investment professionals (portfolio managers, analysts, etc) are in the company and what due diligence was carried out prior to their appointment?	-
2.4.5	Please enclose an organisation chart depicting the names of senior managers in charge of the following areas and headcount: <ul style="list-style-type: none"> Trading: Reporting, performance analysis: Strategy, research and development: IT/Programming: Administration: Risk Management: COO/Operations: Legal: Compliance: Marketing and business development: Others (please specify): 	
2.4.6	What has been the turnover rate among the company's personnel? Please list joiners/leavers of key staff over last (two) years.	-
2.4.7	Where are the accounts maintained?	
2.4.8	Are outside representatives or consultants used for any activities? If so, give details:	
2.4.9	Please provide details of the	

	appointed legal counsel and auditors?	
2.4.10	Have the auditors ever issued qualified financial statements?	
2.4.11	Do you have a relationship (e.g. seeding arrangement) with another investment manager?	
2.5 MANAGER'S TRACK RECORD		
2.5.1	Number of portfolios/accounts/products managed by the company:	
2.5.2	Number of funds managed/advised by the company: <ul style="list-style-type: none"> Names and sizes of these funds: 	
2.5.3	Total assets managed/advised by the company:	
2.5.4	Oldest continuously active account:	
2.5.5	Largest current account:	
2.5.6	Length of track record:	
2.5.7	Has the track record been audited? If yes, by whom?	
2.5.8	Describe the current REA portfolio, under management SoO Date of acquisition Minority Shareholders Past exits % owned / % owned by third parties	
2.6 BUSINESS CONTINUITY AND INSURANCE		
2.6.1	Business Continuity Does the company have a formal business continuity management plan? Please describe the basic provisions:	
2.6.2	Insurance Does the manager currently hold insurance for the following: <ul style="list-style-type: none"> Directors' & Officers' Liability? <ol style="list-style-type: none"> For the funds For the management companies Professional Indemnity or Errors and Omissions? Crime (Employee fidelity/third party fraud)? Key Person Insurance? <i>N.B.: if you are not restricted from disclosing such information under your policy(ies)</i>	

3 LEGAL		
3.1	<p>Are there or have there in the last 10 years, been any criminal, civil, regulatory or administrative proceedings against</p> <p>(i) the Seller or any of its principals or</p> <p>(ii) the Asset Manager or any of its directors any similar such matters including reparations, arbitrations and negotiated settlements?</p> <p>If so, please provide details:</p>	

4 ANTI-MONEY LAUNDERING POLICY		
4.1	Confirm that the company has established Anti-money Laundering (AML) procedures:	
4.2	Please advise which jurisdiction's regulations you comply with:	
4.3	Please advise who your AML officer is:	
4.4	Elaborate on the procedure to ensure compliance with AML policies including details of any training provided to employees:	
4.5	Please provide a summary of your AML procedures.	

5 INFORMATION ON ASSET		
5.1 SPV DETAILS		
5.1.1	Contact details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • Fax: 	
5.1.2	Currency of participation interests:	
5.1.3	List share classes and denominations of each share class	
5.1.4	Date of inception:	
5.1.5	Is the SPV regulated? If so, please provide details (including where and by who) and explain any requirements for regulation:	
5.1.6	Describe the SPV's ownership structure?	
5.1.7	Is the SPV listed on any exchange(s)? <ul style="list-style-type: none"> • E-mail: • Internet: • Fund structure: • Legal entity: • Domicile 	
5.1.8	Are there any pre-emption rights?	
5.1.9	Please provide an history of the ownership of the SPV	
5.2 LAND & BUILDING		
5.2.1	Owners Contact details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • E-mail • Registration number 	
5.2.2	Owner Financial Data <ul style="list-style-type: none"> • B/S • Indebtness 	
5.2.3	Risks: <ul style="list-style-type: none"> • Cultural Heritage • Increased Environmental Risk • Special Status Areas • Strategic Infrastructure • Contaminated Area • Land Class • Existing or potential claim 	
5.2.4	Lease <ul style="list-style-type: none"> • Area • Duration • Cost • Renewal • Covenants 	

5.2.5	Building Permit Local Authority Agreement Other Commitments	
5.2.6	Certificate of Notary that the owner owns the land	
5.3	CONSTRUCTION (NOT REQUIRED IF THE ASSET'S MANAGEMENT IS NOT TRANSACTED)	
5.3.1	Construction documentation <ul style="list-style-type: none"> • Foundation design • Foundation certification • Construction works (Equipment, substation) • Quality control • Attestation of conformity • Compliance of Equipment and Authorisation • Delivery: Acceptance by the General Contractor (Civil Engineering + Equipment + Substation) 	
5.3.2	Contracting <ul style="list-style-type: none"> • Technology • EPC • Guarantee • Maintenance • Conformity of Equipment 	
5.3.3	Turbines / Solar Panels Technical details: <ul style="list-style-type: none"> • Type • Reference Number • Technical Features • Number of Equipment • Expected lifetime 	
5.3.4	Conformity Certificates <ul style="list-style-type: none"> • Equipment • Substation 	
5.3.5	Map and GPS Location	
5.3.6	Environmental Impact Assessment <ul style="list-style-type: none"> • Date • Consultant 	
5.3.7	International principles/regulations Equator principles / Natura 2000	
5.3.8	Environmental Permit <ul style="list-style-type: none"> • Issuing Authority • Coverage • Validity • Special Clause 	
5.3.9	Third party Reports <ul style="list-style-type: none"> • DD for building permits • DD for land rights • Insurance Analysis • EIAS • Acoustic 	
5.4	GRID CONNECTION & COMMERCIAL ARRANGEMENTS	
5.4.1	Grid Connection Contract <ul style="list-style-type: none"> • Date 	

	<ul style="list-style-type: none"> • Counterparty • Validity • Expiration • Contractual / Regulatory Limitations to Grid Access • Final Ownership 	
5.4.2.a	PPA (as Applicable) <ul style="list-style-type: none"> • Date • Counterparty • Validity • Expiration • Prolongation • Indexation • Tariffs • Nomination / Dispatch Requirements • Fixed / Optional Quantities • Other Key Clauses 	
5.4.2.b	FIT (as Applicable) <ul style="list-style-type: none"> • Tariff Structure • Regulatory Framework and History • Indexation • Settlement Scheme and Calendar • Nomination / Dispatch Requirements • Dispute Resolution 	
5.4.2.c	Wholesale Power Market (as Applicable) <ul style="list-style-type: none"> • Spot, Forward, and Hedging Markets • Nomination / Dispatch Requirements • Spot / Forward Price Histories and Correlations • Settlement Schemes and Calendars • Existing Hedges and their Counterparties 	
5.4.2.d	Balancing Power (as Applicable) <ul style="list-style-type: none"> • Nomination / Dispatch Requirements • Obligations / Penalties for Deviations • Prediction Techniques / Historical Accuracy • Costs / Prices for Deviations 	
5.4.3	Third Party Reports <ul style="list-style-type: none"> • DD for Grid Connection • DD for PPA 	
5.5	RENEWABLE RESOURCES	
5.5.1	Initial Renewable Resource Study: <ul style="list-style-type: none"> • Consultant • Date • Description 	

5.5.2	Subsequent Renewable Resource Study: <ul style="list-style-type: none"> • Consultant • Date • Description 	
5.5.3	Actual Results by Year <ul style="list-style-type: none"> • Hours • Best month • Worst month 	
5.5.4	Deviation between actual operations and studies	
5.6	TECHNOLOGY & OPERATIONS	
5.6.1	(if information not already provided in 5.3.3) Technical details on Turbines / Panels: type, reference number, technical features, number Indicate if not directly procured from the technology supplier	
5.6.2	Timeline <ul style="list-style-type: none"> • Date of reception on site • Date of connection • First full month of operation 	
5.6.3	Supplier's warranty <ul style="list-style-type: none"> • Inception • Expiry • Extension 	
5.6.4	O&M contract <ul style="list-style-type: none"> • Supplier • Date of signature • Expiry • Cost(Fixed/Variable) • Non covered 	
5.6.5	Insurance	
5.6.6	Major Technical Events Remediation <ul style="list-style-type: none"> • Technical • Costs • Who took the cost? 	
5.6.7	Other non-technical events impacting operations Remediation	
5.6.8	Detail and explain maintenance costs outside the maintenance contract.	
5.6.9	Dismantling costs <ul style="list-style-type: none"> • Accrued • Costs 	
5.6.10	Average yield of equipment <ul style="list-style-type: none"> • Current YTD • Current (12 months rolling) • Year-1 • Year-2 • Year-3 	
5.7	LEGAL	

5.7.1	<ul style="list-style-type: none"> • Certificate of Incorporation • Shareholders list • Articles of Incorporation • Non Bankruptcy • Pledges • Mortgages • Minutes of Board • Minutes of GA • PoA • KYC 	
5.7.2	Custodian Details: <ul style="list-style-type: none"> • Name: • Address: • Telephone: • E-mail: 	
5.8 FINANCIAL		
5.8.1	Details of banks: <ul style="list-style-type: none"> • Name: • Address: • Main contact: • Telephone: • E-mail: • Role 	
5.8.2	Details of Loans <ul style="list-style-type: none"> • Duration • Interest Rate • Reserves • Covenants 	
5.8.3	Past incidents Consequences Remediation	
5.8.4	Detailed Financial Statements (3 years) + projections (2 years)	
5.8.5	Accounting Principles	
5.9 AUDITOR		
5.9.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Main contact • Telephone: • E-mail: 	
5.9.2	Duration of the company's professional relationship with the auditor:	
5.9.3	Confirm that the auditor is in good standing in its domicile/jurisdiction.	
5.9.4	Have the auditors ever issued qualified financial statements for the SPV?	
5.9.5	Have ongoing due diligence visits been conducted? If so, by whom and of what frequency?	

5.10 LEGAL ADVISER (S)	
5.10.1	Details: <ul style="list-style-type: none"> • Name: • Address: • Main contact: • Telephone: • E-mail:
5.10.2	Duration of the company's professional relationship with the legal advisers:
5.11 GENERAL	
5.11.1	Has the manager, custodian, lawyer or auditor been changed within the past 3 years? If so, why and please give name of previous provider?
5.11.2	Does the manager hold a credit rating and are they insured? Please provide details:

Please attach the most recent disclosure document, information memorandum, and marketing literature.

In the event of amendments to the aforementioned documents, notably the memorandum, please ensure that we will receive those directly from you within reasonable time, as well as copies of proxies and notification of the Annual General Meeting (the latter only for information purposes).

Please state the name and title of the officer at your company who has prepared and reviewed this questionnaire.

Signature:	
Name:	
Position:	
Date:	

Required documents from the Seller, the Asset Manager (if different) and the SPV

- a certified copy of the articles of incorporation of the company;
- a certified copy of the excerpt of the company register;
- the original or a certified copy of the list of the authorized signatories of the company and their specimen of signatures. This list should be approved by the board of directors of the company in accordance to their internal certification rules. If the right of the authorized signatories to open an account is not contained in the articles of incorporation, an additional document needs to be provided , where the board of directors confirms their right to do so;
- a certified copy of a valid identification document (ID) of each member of the board of directors and each authorized signatory;
- a certified copy of the shareholder register; in case of listed companies, it is in principle not necessary to identify the shareholders and beneficial owners;
- a list of all shareholders holding directly or indirectly more than 25 % of the capital of the company and certified and valid ID of those persons if private individuals; in addition a declaration of these shareholders confirming their beneficial ownership or disclosing the party for which they hold the shares;
- a copy of the 3 latest audited financial report.

DEFINITIONS & METHOLOGIES	
DSCR	Debt Service Coverage Ratio Annual Net Income + Amortization/Depreciation + Interest Expense + other non-cash and discretionary items (such as non-contractual management bonuses) <i>Divided by</i> Principal Repayment + Interest payments + Lease payments (yearly)
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization: Revenue minus Expenses (excluding tax, interests, depreciation and amortization)
EBIT	Earnings before interest and taxes Revenue minus Operating expenses (OPEX) plus Non-operating income
Operational & Maintenance Costs	Covers both scheduled preventive maintenance and unscheduled maintenance Please include: <ul style="list-style-type: none"> - Servicing and spare parts costs (whether subcontracted, internalised or hybrid) - Land rent - Insurance - Electricity purchases from the grid - Administration costs - Local taxes
Operational Cash Flow	Net Results + Amortization/Depreciation +/- Changes in Working Capital
Revenues per MWh O&M per MWh	Actual revenues and O&M per MWh Revenues <i>divided by</i> number of MWh produced O&M <i>divided by</i> number of MWh produced