



# AVANA Capital Navigates Challenges of COVID-19 to Champion Clean Energy Options for Rural America

## LOAN DETAILS

**Project Type:**  
Solar

**Loan Type:**  
Conventional  
Construction

**Loan Amount:**  
\$8.2 MM

**Location:**  
Seven projects  
throughout Texas

## Challenge

Five rural electric cooperatives across Texas were looking to do their first solar power purchase agreements (PPAs), but they had no prior experience with renewable energy projects. Although solar PPAs are quite common with large-scale utility companies, smaller-scale utilities often struggle with accessibility and execution in this arena. These five electric co-ops strived to pass on the benefits of solar power — cost savings, positive environmental impact, and predictable energy costs — to their customers, but lacked the experience to make this a reality.

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Due to the timing of the COVID-19 pandemic, the underwriting of these projects was complicated, but also had a high potential for success, as it provided an entry point for the expansion of solar power across a large swath of rural Texas.

## **Solution**

Through the development of a timely and productive partnership with the Rocky Mountain Institute (“RMI”), these five utilities were guided through the requirements and steps to procure seven solar PPAs across West Texas. RMI, which is an independent and non-partisan non-profit, engages businesses, communities, institutions, and entrepreneurs to accelerate the adoption of market-based solutions that cost-effectively shift from fossil fuels to efficiency and renewable energy solutions.

UPower, an independent, renewable energy developer with which AVANA had helped finance a prior Community Choice Aggregation (“CCA”) solar project, brought these seven projects to AVANA, seeking construction financing. These projects were to be built under the company name Lone Star Solar, LLC. Due to the timing of the COVID-19 pandemic, the underwriting of these projects was complicated, but also had a high potential for success, as it provided an entry point for the expansion of solar power across a large swath of Texas in rural areas surrounding Dallas, Austin, and Lubbock.

Because this was the first project with these co-ops, and there were several of them, a significant amount of due diligence was required. Further, as a result of the sheer number of cooperatives involved, title issues

were numerous and challenging. Finally, and most importantly, this transaction went forward during the height of the pandemic, leading to a variety of obstacles, including supply chain disruptions, communication difficulties, and delays in construction timelines. Despite all these factors, AVANA and UPower, with the dedicated support of the electric co-ops, were able to navigate challenges and provide the required financing quickly and efficiently – leading to the commencement of construction for the seven projects.

## **The WHY Behind the Deal**

AVANA Capital is focused on both stimulating the U.S. economy through job creation as well as developing clean energy sources across the country. Through projects like these, AVANA Capital promotes and supports the use of renewable energy solutions, expanding the impact of clean energy in the lives of American citizens.

As a result of the seven Lone Star Solar projects, rural areas surrounding Dallas, Austin, and Lubbock, Texas, now have access to solar power, an option unavailable to them in the past. The power generated by these projects provides a positive environmental impact equivalent to eliminating the energy use of nearly 23,000 homes for one year.



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