



How New Energy Risk partnered with Fulcrum BioEnergy to secure over \$175M in bond financing for their Sierra BioFuels Project

CASE STUDY



"Working with New Energy Risk helped us, without a doubt. They helped us close quicker, radically increased the probability that we would close at all, and lowered the overall interest rate of the money we raised."

Jim McDermott,
Founder & Executive Chairman, Fulcrum BioEnergy, Inc.



The Client

Fulcrum BioEnergy, Inc.



INDUSTRY
Bioenergy



LOCATION
Reno, Nevada

\$175M

in bond financing

2.0%

Annual interest rate savings on 20-year bonds

\$35M

in project savings

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WHAT WE PROVIDE

Insurance solutions that address risks associated with:

- » Technology performance
- » Commissioning
- » Product warranty backstops
- » Operational life
- » Operational conditions
- » Maintenance & procedures

Fulcrum Bioenergy ("Fulcrum") is on the cutting edge of the clean and sustainable energy industry. Their Sierra BioFuels Project is the first of its kind: a waste-to-fuel initiative built at an unprecedented scale.

Fulcrum's plant, which opens in 2020, will convert up to 175,000 tons of municipal solid waste into more than 10.5 million gallons of low-carbon syncrude annually, which is used in the creation of jet fuel and diesel.

The Challenge

Closing a bond on the Sierra BioFuels Project

In Fulcrum's early days, they faced a challenge all too familiar to clean energy technology companies: project financing.

To account for risks associated with emerging technologies, banks will typically increase their lending rate or reduce the amount they are willing to lend. But sometimes banks gauge projects to be 'too risky' and won't agree to finance them—especially if those projects are new and unproven.

Jim McDermott, Founder and Executive Chairman of Fulcrum, knew what his project needed was an insurance producer with special capabilities—a company that assesses technology performance and develops customized insurance solutions. These types of insurance solutions provide senior credit and debt providers additional levels of certainty that they won't lose money as a result of a technology performance shortfall.

New Energy Risk was the solution Jim had been looking for.

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“I strongly believe New Energy Risk’s participation is the reason we were able to raise the money.”

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The Solution

A custom-built insurance solution covering long and short-term risks

New Energy Risk helped Fulcrum close a bond, reduce the total cost of financing, and encourage financier adoption by efficiently transferring technical risk and reducing uncertainty around project performance.

New Energy Risk did this by meeting with Fulcrum’s senior management team, reviewing the company’s engineering reports and testing data, inspecting Fulcrum’s equipment, and touring their facilities. By using their proprietary data-driven techno-economic modeling, New Energy Risk was able to measure the reliability and expected efficiency of the Sierra BioFuels Project. Then they helped build an insurance policy to meet Fulcrum’s needs.

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“New Energy Risk has the engineering prowess to start with a systematic approach, work out the technical details, and then figure out the financial implications of the risk points and what can be done to mitigate those risks. You need that level of detail to develop this type of insurance policy.”

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The Result

\$175M in bond financing (+\$35M in savings)

Partnering with New Energy Risk ultimately helped Fulcrum raise \$175 million in bond financing and lowered Fulcrum’s anticipated interest rate, saving the company approximately \$35 million over the long term.

The Sierra BioFuels Plant is scheduled to open in early 2020. With Abengoa as an Engineering, Procurement and Construction (EPC), a high-quality offtake agreement, and strong equity partners, the future is looking bright for Fulcrum BioEnergy.

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“When New Energy Risk got involved, our interest rate dropped by 2% from where Morgan Stanley and JP Morgan thought the market would clear on a 20-year bond. That's approximately \$35 million in savings.”

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**Deploying your large-scale
renewable energy technology isn't a
pipe dream anymore.**

CONTACT US

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