205 MW / 551.65 MWh DC Utility-Scale Battery Energy Storage System (BESS)

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205 MW / 551.65 MWh DC Utility-Scale Battery Energy Storage System (BESS)

GROSS REVENUE
$29,800,000

EBITDA
$26,360,000

BUSINESS TYPE
Renewable Energy - Solar PV & BESS

COUNTRY
United States

BUSINESS ID
L#20261155

This is a 205 MW / 551.65 MWh DC utility-scale battery energy storage project located in Midland County, Texas, featuring a 2.7-hour discharge duration on DC nameplate. The system utilizes 110 Tier-1 U.S.-manufactured LFP battery containers (5.015 MWh each, produced in the Midwest) paired with utility-grade medium-voltage conversion stations, constructed under the supervision of a leading national balance-of-plant EPC contractor by discipline and specialized civil works partners. Capacity retention adheres strictly to the original equipment manufacturer's technical-proposal degradation curve, reaching 66.6% of initial nameplate capacity in Year 20 with no mid-life augmentation.

The sponsor team's experience spans C&I, distributed generation and utility-scale renewable projects, including EPC and project execution, development, commercialisation and asset management across US energy markets.

Capital Structure and Tax Credit

Total CapEx is $154.6 million, or $280 per kWh of DC nameplate, with the $12.8 million Oncor network upgrade carried outside CapEx as a separate project cost. Total uses at commercial operation are $197.9 million, funded by $63.3 million of senior term debt, a $49.4 million ITC bridge and $85.2 million of equity – a 42.6% / 57.4% debt-to-equity split of permanent capital. Senior debt is sized on the contracted Nephila floor case at a 1.20x minimum debt-service coverage ratio. During construction, equity funds the milestone draws in full for the first seven months before the senior facility is drawn. The 40% investment tax credit ($61.8 million gross) is monetised through a Section 6418 transfer at $0.92 per dollar of credit; the bridge is repaid from the $54.9 million of net proceeds 9 months after commercial operation, with the $8.4 million Nephila ECOD instalment paid from the bridge.

Returns

The three independent market cases show the following. In the P50 base case the project earns $503.4 million of revenue over 20 years, a 19.1% levered after-tax project IRR, a 23.5% investor IRR and a 2.08x multiple, with after-tax payback in year 6. In the P90 downside case revenue falls to $344.9 million; senior debt is unchanged because it is sized on the contracted floor, and the investor IRR is 7.7% with a 1.32x multiple and payback in year 9. In the P20 upside case revenue reaches $801.7 million and the levered after-tax project IRR is 38.3%.

Distributions and Revenue Floor

Distributions follow a 10% cumulative compounded preference, then a full return of the investor's $85.2 million, then 70% to the investor and 30% to Bear Creek Energy Partners until the investor has received 2.0x its capital ($170.4 million), after which residual cash is split 49% to the investor and 51% to Bear Creek. The senior debt is supported by a 7-year contracted Nephila revenue floor of $56,170 per MW-year, and all 17 internal model checks and the five investor checks tie to zero.

Metric	Model value
Power / energy (MW / MWh DC)	205 / 551.65
Total CapEx ($)	$154,566,973

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Metric	Model value
CapEx per kWh DC ($)	$280.19
Total uses at COD ($)	$197,911,360
Senior term debt ($)	$63,273,632
ITC bridge ($)	$49,441,479
Equity ($)	$85,196,249
Debt / equity split of permanent capital	42.6% / 57.4%
Minimum DSCR (floor case)	1.20x
ITC rate / gross credit ($)	40% / $61,826,789
Levered after-tax project IRR P20 / P50 / P90	38.3% / 19.1% / 8.3%
Investor IRR / multiple P50	23.5% / 2.08x
Investor IRR / multiple P90	7.7% / 1.32x
Nephila floor ($/MW-year) / term (years)	$56,170 / 7
Model checks passing	17 of 17

Year	Degradation Retention	Gross Revenue ($)	Total OpEx ($)	EBITDA ($)	EBITDA Margin
Y1	100.0%	$29,800,000	($3,440,000)	**$26,360,000**	88.5%
Y2	97.2%	$29,100,000	($3,508,800)	**$25,591,200**	87.9%
Y3	94.7%	$28,500,000	($3,578,976)	**$24,921,024**	87.4%
Y4	92.4%	$27,900,000	($3,650,556)	**$24,249,444**	86.9%
Y5	90.2%	$27,350,000	($3,723,567)	**$23,626,433**	86.4%
Y6	88.1%	$26,800,000	($3,798,038)	**$23,001,962**	85.8%
Y7	86.1%	$26,300,000	($3,873,999)	**$22,426,001**	85.3%
Y8	84.2%	$25,500,000	($3,951,479)	**$21,548,521**	84.5%
Y9	82.3%	$25,000,000	($4,030,508)	**$20,969,492**	83.9%
Y10	80.5%	$24,500,000	($4,111,119)	**$20,388,881**	83.2%
Y11	78.7%	$24,100,000	($4,193,341)	**$19,906,659**	82.6%
Y12	77.0%	$23,700,000	($4,277,208)	**$19,422,792**	82.0%
Y13	75.3%	$23,300,000	($4,362,752)	**$18,937,248**	81.3%
Y14	73.7%	$22,900,000	($4,450,007)	**$18,449,993**	80.6%
Y15	72.2%	$22,500,000	($4,539,007)	**$17,960,993**	79.8%
Y16	70.7%	$22,150,000	($4,629,787)	**$17,520,213**	79.1%
Y17	69.3%	$21,800,000	($4,722,383)	**$17,077,617**	78.3%
Y18	68.0%	$21,500,000	($4,816,831)	**$16,683,169**	77.6%
Y19	67.4%	$21,400,000	($4,913,167)	**$16,486,833**	77.0%
Y20	66.6%	$21,300,000	($5,011,431)	**$16,288,569**	76.5%
Total	—	**$503,400,000**	**($83,573,149)**	**$419,826,851**	**83.4%**

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