
Table of Contents

electricity generated by our plants and projects, which may restrict our ability to negotiate favorable terms under new PPAs and could impact our ability to find new customers for the electricity generated by our generation facilities should this become necessary. Additionally, the PPAs in India, Thailand, China and Peru are in the standard form prescribed by the utilities and accordingly, we have limited or no ability to negotiate the terms of such PPAs. Furthermore, if the financial condition of these utilities and/or power purchasers deteriorated or government policies or regulations to which they are currently subject that compel them to source renewable energy supplies change, demand for electricity produced by our plants could be negatively impacted. In addition, provisions in our power sale arrangements or applicable laws may provide for the curtailment of delivery of electricity for various reasons, including to prevent damage to transmission systems, for system emergencies, force majeure or for economic reasons. Such curtailment would reduce revenues to us from power sale arrangements. If we cannot enter into power sale arrangements on terms favorable to us, or at all, or if the purchaser under our power sale arrangements were to exercise its curtailment or other rights to reduce purchases or payments under such arrangements, our revenues and our decisions regarding development of additional projects may be adversely affected.

A significant deterioration in the financial performance of our commercial, industrial or government customers could materially adversely affect our distributed generation business.

The financial performance of our distributed generation business depends in part upon the continued viability and financial stability of our customers in the commercial, industrial and governmental sectors. If our commercial, industrial or governmental customers are materially and adversely affected by an economic downturn, increase in inflation or other factors, one or more of our largest customers could encounter financial difficulty and possibly bankruptcy. If one or more of our largest customers were to encounter financial difficulty or declare bankruptcy, they may reduce their payments under the PPA to us or stop them altogether. Any interruption or termination in payments by our customers would result in less cash being paid to the special purpose legal entities we establish to own and finance our projects, which could adversely affect the entities' ability to pay our lenders. In such a case, the amount of distributable cash held by the entities would decrease, adversely affecting the cash flows we receive from such entities. In addition, our ability to finance additional new projects with PPAs from such customers would be adversely affected, undermining our ability to grow our business. Any reduction or termination of payments by one or more of our principal distributed generation customers could have a material adverse effect on our business, financial condition and results of operations.

The generation of electric energy from solar, wind and hydro-electric energy sources depends heavily on suitable meteorological conditions. If weather conditions are unfavorable, our electricity generation, and therefore revenue from our renewable generation facilities using our systems, may be substantially below our expectations.

The electricity produced and revenues generated by a solar electric generation facility are inherently dependent on suitable solar conditions and associated weather conditions. The operating performance of wind farms depends on wind speeds and other meteorological and physical conditions at the relevant site. The operating performance of a hydro-electric generation facility depends on favorable hydrological conditions. Objects such as buildings, trees or other wind turbines near our wind farms may reduce wind resources due to the disruption of wind flows. Furthermore, components of our system, such as solar panels and inverters or wind turbines, could be damaged by severe weather, such as hailstorms, typhoons or tornadoes. We generally will be obligated to bear the expense of repairing damage to our energy systems caused by severe weather, and replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable weather and atmospheric conditions could impair the effectiveness of our assets or reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of our assets and our ability to achieve forecasted revenues and cash flows. Sustained unfavorable weather could also unexpectedly delay the installation of energy systems, which could result in a delay in us acquiring new projects or increase the cost of such projects.