

Aligned Energy Holdings, LP

Type of Engagement: Annual Review

Date: 18 March 2024

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Introduction

In 2022 and 2023, Aligned Energy Holdings, LP (“Aligned” or the “Issuer”) issued green securitized notes (the “Series 2022-1 Notes” issued in November 2022, “Series 2023-1 Notes” issued in August 2023, and “Series 2023-2 Notes” issued in November 2023; collectively, the “Green Securitized Notes”) to refinance¹ data centre infrastructure in the US. In 2024, Aligned engaged Sustainalytics to review the projects financed with proceeds from the Green Securitized Notes (the “Nominated Projects”), and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined under the Aligned Green Finance Framework (the “Framework”).² Sustainalytics provided a Second-Party Opinion on the Framework in July 2021.³ This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in January 2023.⁴

Evaluation Criteria

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Energy Efficiency	<p>Investments in data centers infrastructure that target the following power usage effectiveness (PUE)⁵ requirements:</p> <ul style="list-style-type: none"> • PUE of 1.35 or below for data centers infrastructure that uses water-based cooling technologies • PUE of 1.45 or below for data center infrastructure that uses water-free cooling technologies 	<ul style="list-style-type: none"> • Average PUE of Eligible Green Assets • Potential GHG savings from ultraefficient data center infrastructure • Gallons of water saved from cooling solutions

¹ 100% of the proceeds from the Green Securitized Notes were used by Aligned to refinance the eligible green assets.

² Aligned, “Aligned Green Finance Framework”, (2021), at:

<https://aligneddc.com/wp-content/uploads/2021/12/Aligned-Green-Finance-Framework-Draft-v7-1.pdf>

³ Sustainalytics, “Second-Party Opinion, Aligned”, (2021), at:

<https://aligneddc.com/wp-content/uploads/2021/12/Aligned-Green-Finance-Framework-Second-Party-Opinion.pdf>

⁴ Sustainalytics, “Annual Review, Aligned”, (2023), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/aligned-energy-holdings-lp-series-2021-1-notes-annual-review-letter.pdf>

⁵ PUE is the ratio of facility-wide power consumption to power used by the IT equipment.

Science Direct, ‘Power usage effectiveness in data centers: overload and underachieving’, May 2016, at:

<https://www.sciencedirect.com/science/article/pii/S1040619016300446>

Issuer’s Responsibility

Aligned is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Aligned’s Green Securitized Notes. The work undertaken as part of this engagement included collection of documentation from Aligned and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Aligned. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Aligned.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁶ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. Aligned has disclosed to Sustainalytics that the proceeds from the Green Securitized Notes were fully allocated as of December 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁶ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

The Issuer raised USD 1,240 million as net proceeds from the issuance of the Green Securitized Notes, that were fully allocated in accordance with the use of proceeds criteria noted in the Framework to refinance water-based data centers in Salt Lake City (UT), Ashburn (VA) and Northlake (IL) with a design PUE of 1.35, 1.35 and 1.45 respectively.

Table 3: Net Proceeds Allocation by Tranche of Notes

Use of Proceeds Category	Green Securitized Notes	Net Proceeds Allocation (USD million)
Energy Efficiency	Series 2022-1 Notes (Class A-2 Term Notes)	400
	Series 2023-1 Notes (Class A-2 Term Notes)	540
	Series 2023-2 Notes (Class A-2 Term Notes)	300
Total (USD million)		1,240

Appendix 2: Reported Impact

Table 4: Key Performance Indicators

Use of Proceeds Category	Environmental Impact Metrics	KPI (Annual Estimated Savings)
Energy Efficiency	Energy savings due to low design PUEs ⁷	125,256 MWh
	Scope 2 greenhouse gas emissions avoided due to low design PUE ⁸	39,681 mtCO ₂ e
	Scope 2 greenhouse gas emissions avoided due to 100% of energy consumption matched with renewable energy sources	74,313 mtCO ₂ e

⁷ Davis, J., Donnellan, D., Simon, L., Smolaks, M., Lawrence, A., and Bizo, D. (2022, September 14). Uptime Institute Global Data Center Survey Results 2022. Uptime Institute, at: <https://uptimeinstitute.com/resources/research-and-reports/uptime-institute-global-data-center-survey-results-2022>

⁸ Ibid.

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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