

TENASKA ISEC WEST GREEN BOND FRAMEWORK

FRAMEWORK OVERVIEW AND SECOND PARTY OPINION BY SUSTAINALYTICS

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www.sustainalytics.com

Ankita Shukla (Toronto)
Senior Advisor, Advisory Services
ankita.shukla@sustainalytics.com
(+1) 416 861 0403

Charlotte Peyraud (New York)
Senior Advisor, Institutional Relations
charlotte.peyraud@sustainalytics.com
(+1) 646 518 0184

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1. PREFACE

CSOLAR IV West, LLC (“CSOLAR”, the “Company” or the “Issuer”) intends to issue a Green Bond to refinance its 150 MW_{AC} Imperial Solar Energy Center West Project (“ISEC West” or the “Project”) located in the Imperial Valley of California. CSOLAR is an indirect wholly-owned subsidiary of Tenaska Energy, Inc. and Tenaska Energy Holdings, LLC (collectively “Tenaska” or the “Sponsor”).

The Sponsor has engaged Sustainalytics to provide a second party opinion on the Tenaska ISEC West Green Bond Framework. The opinion intends to provide an assessment of the framework’s alignment with the transparency and reporting requirements of the Green Bond Principles¹ 2017 as well as assess the Company’s overall sustainability commitment and its alignment with the framework.

To come to this opinion, Sustainalytics reviewed several public and internal documents provided by the Company and Tenaska. These documents were reviewed to understand the Company’s commitments, the use of proceeds, management of proceeds and reporting aspects of the Green Bond to be issued. This document contains two sections: Framework Overview – summary of the Company’s Green Bond Framework; and Sustainalytics’ Opinion – an opinion of the framework.

2. OVERVIEW OF ISSUER

Tenaska, is an independent energy company based in Omaha, Nebraska. Tenaska and its affiliates have developed and constructed approximately 10,000 megawatts (MW) of natural gas-fueled and renewable power generation, and manage operations for approximately 6,800 MW of power generation.

Tenaska formed CSOLAR IV West, LLC to build, own and operate the Tenaska Imperial Solar Energy Center West. CSOLAR is the 100% owner of the Project, which is a 150 MW_{AC} solar power generation facility. The Project is sited on approximately 1,130 acres and consists of approximately 182 MWDC First Solar, Inc. (“First Solar”) Series 2 and Series 4 thin film cadmium telluride (“CdTe”) photovoltaic (“PV”) modules. The Project signed a 25-year Power Purchase Agreement (“PPA”) in March 2011 to sell 100% of its output to San Diego Gas & Electric Company (“SDG&E”). The PPA supports SDG&E’s obligations under California’s mandated Renewable Portfolio Standards.

The Issuer is issuing Green Bonds to refinance the ISEC West Project.

¹ The Green Bond Principles are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market. They provide issuers guidance on the key components involved in launching a credible Green Bond and aid investors by ensuring availability of information necessary to evaluate the environmental impact of their Green bond investments.

3. FRAMEWORK OVERVIEW

The following section summarizes the Company's Green Bond Framework which follows the four key pillars of the Green Bond Principles (GBP) including: the use of proceeds, process for project selection, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the Green Bond will be allocated towards financing projects that meet the following eligibility criteria.

3.1.1 Eligibility Criteria

RENEWABLE ENERGY

The Company will use Green Bond proceeds towards repayment of term loan, equity proceeds, swap breakage costs and refinancing costs for its 150 MW_{AC} Imperial Solar Energy Center West ("ISEC West") Project, which has been operational since April 2016.

The Project is located on approximately 1,130 acres of land and consists of approximately 182 MW_{DC} of First Solar Series 2 and Series 4 CdTe PV modules.

Proceeds will be used to refinance capital and operational expenditures related to the acquisition, development, operation and maintenance of ISEC West. Such expenditures may include:

- a. Land acquisition and notary costs
- b. Project studies (e.g. technical solar energy potential reports)
- c. Environmental impact and Social impact reports
- d. Engineering design
- e. Construction work (including electrical installation, related building structures, supporting facilities during construction phase, etc.)
- f. Acquisition of photovoltaic (PV) panels
- g. Acquisition of electrical equipment (e.g. transformers, cables, special illumination for obstacle, etc.)
- h. Acquisition of (other) equipment (e.g. waterproofing materials, water pressure pipes, etc.)
- i. Commissioning expenses (costs of configuration, security, etc.)
- j. Legal counseling
- k. Risk insurances
- l. Project management

3.2 Project Evaluation and Selection Process

Project Evaluation and Selection

Proceeds from the Green Bond will be used to refinance the Project described under the Eligibility Criteria in Section 3.1.1. The Project has signed a 25-year PPA in March 2011 to sell 100% of its renewable energy to SDG&E.

Environmental Strategy of the Sponsor and Issuer

Tenaska is one of the largest private, independent energy companies in the United States, with a proven record of success in development, design, financing, construction management and operation of electric generating facilities and in energy marketing. While owning and developing a number of efficient carbon-based generation facilities, Tenaska is currently pursuing renewable energy generation facilities. In addition to the Project, Tenaska is developer, owner and managing partner of the Imperial Solar Energy Center South, a 130MW solar facility also located in the Imperial Valley of California. Tenaska has also expanded its focus on wind projects, having purchased a development site in the upper Midwest for the development of a 470 MW wind generation portfolio (the “Wind Portfolio”) in 2016 and signed a 20-year PPA with Minnesota Power for 250MW of the Wind Portfolio in 2017.

Risk Mitigation

The Project site is held under a long term lease option that consists of approximately 1,130 acres of privately-owned and previously disturbed land that is economically unviable for agricultural production. The Imperial Valley of Southern California was selected as the location of the solar park project following an assessment of the site’s level terrain, constructability, access to existing and planned transmission infrastructure and compatibility with existing and neighboring land use, as well as solar irradiation levels. The Company received a solar resource assessment by 3TIER in 2013, using approximately 2-years of ground observation data in addition to its own data.

Additionally, a recent Independent Engineer’s Report made the following conclusions on the Project:

- The Project has been designed and constructed in accordance with applicable federal, state and local regulations, codes, standards, guidelines, policies and laws.
- The July 2017 Phase I ESA performed by Tetra Tech for the Project Site was conducted in a manner consistent with industry standards, using comparable industry protocols for similar studies.
- The Project was designed and constructed in accordance with recommendations from the geotechnical reports, Drainage Study, and applicable building codes and the Project Site is suitable, from an infrastructure and geotechnical perspective, for the continued operation of the Project.

3.3 Management of Proceeds

Net proceeds from the Green Bonds will be immediately allocated to refinance the capital structure of the Issuer, which is the 100% owner of the Project that meets the Eligibility Criteria stated in Section 3.1.1.

3.4 Reporting

Allocation Reporting

Tenaska and the Company will provide disclosure once proceeds are fully allocated from the Green Bonds to the Project. The transaction documents will include a certified financial model outlining the entire use of proceeds, and an initial operating budget of the Project. Each investor will receive a copy of the transaction documents. Once all Green Bond proceeds are allocated and disclosure regarding such allocation is made, no further updates will be provided.

Impact Reporting

Tenaska has committed to quantitatively disclosing the net installed capacity of the Project in MW.

Given that the Project has already been defined, impact indicators will be static throughout the life of the Green Bond and no further updates will be provided.

4 SUSTAINALYTICS' OPINION

Section 1: Sustainability Performance of the Sponsor and the Issuer

The Issuer, CSOLAR is an indirect wholly-owned subsidiary of Tenaska Energy, Inc. and Tenaska Energy Holdings, LLC. Given the fact that CSOLAR is a holding company, the following section describes the Sustainability Performance of the parent Tenaska Energy.

Tenaska has developed 17 power plants with a generating capacity of 10,000 MW since 1987. With the development of ISEC West, in addition to other solar and wind projects, Sustainalytics is of the opinion that Tenaska is dedicated to expanding its renewable energy portfolio across the U.S. Additionally, with the completion of ISEC West project, the company has demonstrated a proven track record of successfully developing two solar projects.

In addition to the ISEC West project, the company has also developed the 130 MW Tenaska Imperial Solar Energy Center South (ISEC South) project in Imperial County, California which began commercial operation in 2013. Both ISEC West and ISEC South supply renewable energy to San Diego Gas & Electric Company (SDG&E) under long-term power purchase agreements.

Alignment with Green Bond Principles 2017

Sustainalytics has determined that the Tenaska ISEC West Green Bond Framework aligns to the four pillars of the Green Bond Principles 2017. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Impact of Use of Proceeds

ISEC West has been commercially operational since April 2016 and comprises of 1.8 million PV panels producing 150 MW of renewable energy capable of powering over 55,000 California homes. The ISEC West site is held under a long term lease option that consists of approximately 1,130 acres of privately-owned and previously disturbed land that is economically unviable for agricultural production.

Contribution to California's Renewable Energy Mandate

Through the Global Warming Solutions Act of 2006, California committed to reduce statewide GHG emissions to 1990 levels by 2020, about a 15% reduction from business as usual, and to reduce emissions by 80% below 1990 levels by 2050². In order to meet targets, the state adopted a 'Scoping Plan' that contains an extensive list of measures to reduce GHG emissions, including a mandate for utilities to secure power from renewable energy sources³. California's Renewables Portfolio Standard (RPS) requires investor-owned utilities (IOUs), electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources to 33% of total

² <https://www.arb.ca.gov/cc/ab32/ab32.htm> and <https://www.gov.ca.gov/news.php?id=1861>

³ https://www.arb.ca.gov/cc/scopingplan/2013_update/first_update_climate_change_scoping_plan.pdf

procurement by 2020⁴.

SDG&E has entered into a 25-year power purchase agreement with CSOLAR in order to meet statewide mandates of delivering renewable energy.⁵ Solar projects, such as ISEC West, have enabled SDG&E to exceed state mandates by procuring 35.2% of its power in 2015 through renewable sources and has partnered to have 45.2% of procurement under contract for 2020.⁶

Alignment with Sustainable Development Goals

The Sustainable Development Goals (“SDG”) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The ISEC West project advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Sustainalytics is of the opinion that CSOLAR’s development of the 150 MW_{AC} Imperial Solar Energy Center West Project is supporting San Diego Gas & Electric Company in meeting its renewable energy mandate. The Tenaska ISEC West Green Bond Framework follows the guidance provided by the Green Bond Principles 2017, and is in alignment with the four pillars, which address the use of proceeds, process of project evaluation and selection, management of proceeds, and reporting. Based on the above considerations, Sustainalytics is of the view that CSOLAR’s Green Bond is robust and credible.

⁴ http://www.cpuc.ca.gov/RPS_Homepage/

⁵ <http://www.tenaskaimperialsolar.com/power-tenaska-imperial-west-solar-project/>

⁶ http://www.cpuc.ca.gov/RPS_Homepage/

APPENDIX 1

Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: CSOLAR IV West, LLC (“CSOLAR”)

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: Tenaska ISEC West Green Bond

Review provider’s name: Sustainalytics

Completion date of this form: August 22, 2017

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Green Bond Framework and Second Opinion Document above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The Company will use Green Bond proceeds towards repayment of term loan, equity proceeds, swap breakage costs and refinancing costs for its 150 MW_{AC} Imperial Solar Energy Center West (“ISEC West”) Project, which has been operational since April 2016.

Use of proceeds categories as per GBP:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Sustainable management of living natural resources |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

CSOLAR will allocate proceeds of the Green Bond towards the development of ISEC West. Sustainalytics is of the opinion that the process to select the location of the solar park is credible.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Net proceeds from the Green Bonds will be immediately allocated to refinance the capital structure of the Issuer, which is the 100% owner of ISEC West.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|--|
| <input type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (<i>please specify</i>): repayment of term loan, equity proceeds, swap breakage costs and refinancing costs for its 150 MW _{AC} Imperial Solar Energy Center West Project |

4. REPORTING

Overall comment on section (*if applicable*):

Tenaska and the Company will provide disclosure once proceeds are fully allocated from the Green Bonds to the Project. Once all Green Bond proceeds are allocated and disclosure regarding such allocation is made, no further updates will be provided. Tenaska has committed to quantitatively disclosing the net installed capacity of the Project in MW. Tenaska's reporting is aligned with industry best practices.

Use of proceeds reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Information reported:

- Allocated amounts
- Other *(please specify)*:
- GB financed share of total investment

Frequency:

- Annual
- Other *(please specify): once proceeds are allocated*
- Semi-annual

Impact reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other *(please specify)*:

Frequency:

- Annual
- Other *(please specify):* Given that the Project has already been defined, impact indicators will be static throughout the life of the Green Bond and no further updates will be provided.
- Semi-annual

Information reported (expected or ex-post):

- GHG Emissions / Savings
- Other ESG indicators *(please specify):* net installed capacity of the Project in MW
- Energy Savings

Means of Disclosure

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed *(if yes, please specify which parts of the reporting are subject to external review)*:
- Information published in sustainability report
- Other *(please specify)*:

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) Consultant Review: An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) Verification: An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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SUSTAINALYTICS

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info@sustainalytics.com

www.sustainalytics.com

