

Revolve Renewable Power Corp.
 Leveraging Investments in the Renewable Energy
 and Distributed Power Megatrend

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KEY POINTS

- **Revolve Renewable Power is transitioning from a pure development company to an owner and operator of renewable energy projects.** This strategic shift should allow for more predictable revenue and cash flow.
- **The strategic shift to an owner and operator model will see the company retain ownership of projects through construction and into operation, creating long-term recurring revenue and cash flow** through organic growth of its existing 3-gigawatt (GW) portfolio of projects, which will also be supplemented by strategic acquisitions.
- **By the end of FY24, the company aims to have 59MW of operating & construction portfolio under different stages, with 10MW of acquired operating assets.** By the end of FY25, the company is targeting 189MW of operating & construction portfolio, driven by 80MW of utility-scale projects under construction, combined with 10MW of acquired operating assets and 40MW of distributed generation (DG) projects. Additionally, the company intends to convert 40MW per year over FY24 and FY25 from its DG development portfolio into projects under construction or operational status.
- **The company sold its Bouse and Parker Solar & Storage projects to ENGIE for a total consideration of between \$50 million and \$62.5 million, which are linked to the successful completion of development milestones.** The company has already received \$2.85 million and is expected to receive further payments when the critical milestones are completed.
- **Revolve acquired WindRiver Power Corporation for upfront consideration of C\$4.85 million, with an additional payment of C\$14 million on completion of the sale of hydro development projects.** This acquisition will add ~7MW of net operational and 90MW of development assets in Canada, in line with the company's strategy of building a diversified renewable energy platform across North America.

KEY STATISTICS

Ticker:Exchange	REVV:TSXV
Current Price	\$0.29
52-Week Range	\$0.23-\$0.71
Average Volume (30-Day)	9,393
Shares Outstanding (MM)	54.9
Market Cap (\$MM)	\$15.4
Fiscal Year-End	June

PRICE PERFORMANCE



COMPANY OVERVIEW

Revolve Renewable Power is an owner, operator, and developer of renewable energy projects focused on the North American market. The company offers a unique opportunity for common equity investors to participate directly in two key trends in the renewable energy sector: (1) the development of utility-scale renewable projects; and (2) behind-the-meter DG projects. The company's strategy is to evolve into a dedicated renewable independent power producer focused on long-term recurring revenue and cash flow. The company has a portfolio of 3GW under development and an accomplished management team with a track record of success, having already generated \$20 million in revenue for the business. The primary focus of the company is owning, operating, and developing renewable energy electricity generation projects in the US and Mexico, with a recently announced planned expansion into the Canadian market. These projects encompass a diverse portfolio of wind, solar, and battery storage, amounting to 6MW in operation, 3MW currently under construction, and a further 3GW under development.

In addition to its existing operating and development portfolio, the company also successfully sold 1,250MW of solar & storage development assets to ENGIE in January of this year for a transaction value of between \$50 million and \$62.5 million. These were the company's third and fourth project sales and are expected to deliver further revenue over the coming years.

Revolve is also well-positioned to benefit from the growing trend of DG, which refers to the production of electricity from renewable sources at or near the point of consumption. This trend is being driven by the increasing demand for reliable and clean energy by large industrial companies, as well as the declining cost of renewable technologies. This division aims to cater to the DG market and sub-20MW renewable energy projects. The scope of this division encompasses various types of projects, including wind, rooftop solar, ground-mounted solar, battery storage, and energy efficiency projects, both "behind the meter" and grid-connected. These endeavors will be targeted across the US, Canada, and Mexico.

The Market

Revolve is in a favorable position to seize the opportunities presented by the rapid growth of the renewable energy market. Projections indicate that the global renewable energy market is poised to reach a substantial value of \$1.998 trillion by 2030, with a projected CAGR of 8.6% from 2022 to 2030. This remarkable expansion is fueled by the increasing global demand for clean and sustainable energy sources for large corporations, driven by environmental concerns, government policies, and the declining costs of renewable technologies. The US is recognized as the largest and most promising market for renewable energy worldwide. The Canadian renewable energy market has also been bolstered this year by a large package of tax and grant incentives announced by the government as part of its 2023 budget. The Mexican market was the fastest-growing renewable energy market in Latin America for a number of years up to 2019 and holds considerable wind and solar resources for future development. All three countries have made significant commitments to transition to cleaner energy systems, creating a favorable long-term regulatory environment and providing substantial incentives for renewable energy development. As a result, the renewable energy sector across North America has experienced remarkable growth in recent years. Additionally, federal incentives and tax credits further support the growth of the renewable energy sector, creating a conducive environment for Revolve to expand its project portfolio and contribute to the country's clean energy transition.

Business Model

Revolve has recently transitioned from being solely a development company to an owner and operator of renewable energy projects. This strategic shift represents a significant milestone for the company, reflecting its strategy of building a renewable independent power producer focused on long-term recurring revenue and cash flow across North America. Previously, as a development company, Revolve focused on identifying, designing, and developing renewable energy projects. It played a crucial role in the early stages of project conception, feasibility assessments, and permit acquisition. Projects were then sold to large international utilities once they were ready to start construction, with the company earning a development return.

The strategic shift to an owner and operator model will see the company aim to retain ownership of projects through the construction phase and into operation, creating long-term revenue and cash flow for the business. The company intends to do this through the organic growth of its existing 3GW portfolio of projects, which will also be supplemented by strategic acquisitions. The company completed its first of these acquisitions in August 2022, acquiring a portfolio of operating DG assets from Centrica plc, a large UK utility. The company has also just announced the signing of another acquisition, which will see it expand into the Canadian market and acquire a portfolio of interests in operating hydro and wind assets in British Columbia and Alberta.

Revolve has set an ambitious goal to convert 40MW per year over FY24 and FY25 from its DG development portfolio into projects under construction or operational status.

Recent History and Key Milestones

Utility Scale

Date	Description
12-Jul-23	The completion of the interconnection milestone reached on 250MW Parker Solar & Storage Project.
11-Jan-23	Sale of 1,250MW of utility-scale solar & storage projects.
04-Aug-22	Completes BLM Variance Process for the 250MW Parker Solar & Storage Project.
06-Jun-22	The signing of land option agreements in Nuevo León, Mexico for the development of Phase III of the Presa Nueva Wind Project.
24-May-22	Announces the successful completion of the BLM variance process for the 1GWac Bouse Solar & Storage Project.
11-Jan-22	Kickstarts development activities in Utah.

Distributed Generation

Date	Description
24-May-23	Cancun Battery Storage Project becomes operational.
26-Oct-22	Revolve completes project financing with RE Royalties for new battery storage project.
29-Aug-22	Acquires 100% of Centrica Business Solutions with operating assets and recurring revenue stream.
26-May-22	Signs definitive agreement for the acquisition of Centrica Business Solutions Mexico.
26-Apr-22	Establishment of a new division to focus on DG market in the US and Mexico.

Corporate

Date	Description
20-Jun-23	Begins trading on the US-based OTCQB® Venture Market.
08-Jun-23	Expansion into the Canadian renewable energy market.
17-Mar-22	Commencement of trading on TSX Venture Exchange.
09-Mar-22	Completes reverse takeover of Philippine Metals Inc.
09-Feb-22	Revolve signs definitive agreement with Philippine Metals Inc. as part of RTO on the TSX Venture Exchange.

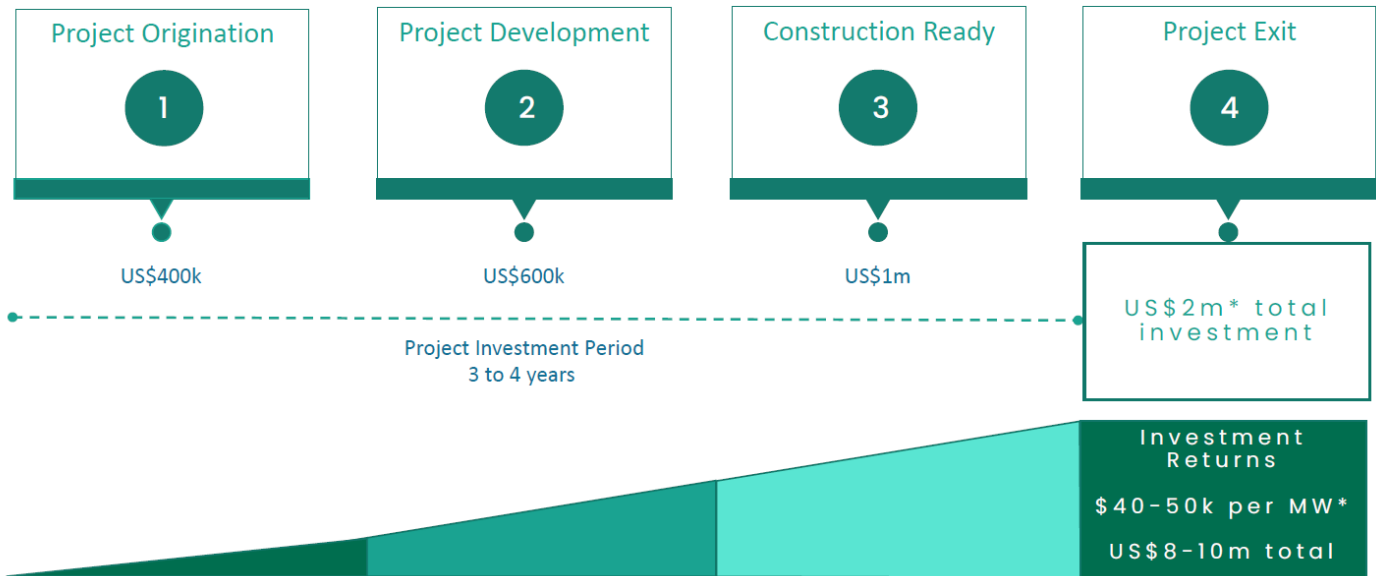
Future Milestones Monitor

Description
Further project milestones & cash payments from the Bouse and Parker projects sold to ENGIE. Next milestone for the Bouse project indicated for 1H24.
Signing of PPA and EPC contracts for new DG projects from the existing 156.8MW pipeline. Target continued growth in recurring revenue and EBITDA.
Ongoing interconnection and permitting work on projects in Utah, Colorado, and New Mexico.
Continued progress on 1.2GW Mexican wind portfolio, consider project sale once market conditions allow.
Conversion of further pipeline into greenfield project development opportunities.
Consider further strategic acquisitions of RTB or operational DG projects.
Completion of the proposed acquisition of WindRiver Corporation.
Future M&A activity as highlighted in its corporate strategy.

BUSINESS UNITS OVERVIEW

Revolve operates through two divisions: (1) Utility Scale; and (2) Distributed Generation.

Figure 1: Utility Scale Business Model Illustrative Investment Case



Source: [Company Presentation Aug 2023](#)

Utility Scale

This business unit develops utility-scale renewable energy projects, such as wind farms, solar photovoltaic plants, and battery storage systems. These projects typically have a capacity of 100MW or more. Revolve has a portfolio of more than 2,800MW of utility-scale renewable energy projects in development or under construction in the US and Mexico. The company’s projects are located in a variety of regions, including the Midwest and Southwest of the US, as well as the states of Nuevo Leon and Tamaulipas in Mexico. Once all permits have been secured and projects are ready to build (RTB), Revolve’s utility-scale renewable energy projects have historically been sold to a variety of international utilities who then construct and operate the projects. The company’s projects help to meet the growing demand for renewable energy in North America.

Business Model

The business model of the Utility Scale business division, with a three- to four-year development timeline, primarily consists of four stages: (1) Project Origination; (2) Project Development; (3) Construction Ready; and (4) Project Exit.

Project Origination includes identifying and obtaining land rights for greenfield wind, solar, or battery storage projects. This involves conducting market research, identifying suitable sites, and securing permits and approvals. The primary targets are utility-scale projects with 100MW+ capacity that are located in strong wind or solar resource areas with good interconnection prospects.

Project Development consists of securing the relevant and necessary environmental permits including state, federal, and local authorizations. Additionally, an interconnection application process and studies are undertaken, along with an assessment of energy resources and engineering studies that help fulfill the project.

Construction Ready commences when all the required permissions are secured, and the interconnection agreement is signed. Power purchase agreements (PPAs) are sourced and signed depending on the market geography.

Project Exit when the company sells the project at ready to build stage. The company earns development fees for the sale of the project based on predetermined milestones. Revolve has been able to sell projects at an earlier stage of development, while still retaining the project value based on being ready to build.

In the above figure, an illustrative investment case depicts that a 200MW solar project’s investment of \$2 million is spread over three years (20:30:50), with the company expected to earn \$40-50K per MW, implying a total project value of \$8-10 million.

The company has already completed four such project exits over the last number of years, the latest being the sale of the Bouse Solar & Storage and Parker Solar & Storage projects to ENGIE in January 2023.

US Development Portfolio

After entering the US market in 2021, the portfolio of assets has grown rapidly to a total of eight projects across New Mexico, Utah, and Colorado, with a capacity of 1,175MW. The company is currently accessing sites for both solar and wind across these states and newer locations.

Name	Technology	Capacity	Stage	Target RTB	Target COD
Vernal BESS	Battery Storage	80MWh	Mid-stage	4Q24	4Q25
Primus	Wind	50MW	Mid-stage	4Q24	1Q26
Emery	Solar & Storage	150MW	Early stage	2025	2027
Afton	Solar & Storage	200MW	Early stage	2025	2027
Lordsburg	Solar & Storage	225MW	Early stage	2025	2027
Limon	Solar & Storage	120MW	Early stage	2025	2027
Aragonite	Solar & Storage	200MW	Early	2026	2028
Juab	Solar & Storage	200MW	Early	2026	2028
Vernal Phase II	Storage	80MW	Early	2025	2026

The company’s long-term ambition is to construct and operate a number of its utility-scale projects. It has identified the 80MWh Vernal Battery Storage project and the 50MW Primus Wind projects as two projects that it is targeting to implement its construct and operate strategy.

Mexico Development Portfolio

Present in Mexico since 2012, the company has a strong track record of delivering and exiting out of 300MW+ projects over the years. The company’s active portfolio includes projects that are in an advanced stage of development and are expected to be ready to build in 2024.

Name	Technology	Capacity	Stage	Target RTB	Target COD
El 24	Wind	103.4MW	Late stage	4Q24	1Q26
Presa Nueva	Wind	400MW	Mid-stage	1Q25	3Q26
El Mentillo	Wind	330MW	Early stage	2026	2028
Florida	Wind	400MW	Early stage	2026	2028
Presa Nueva III	Wind	300MW	Early stage	2026	2028

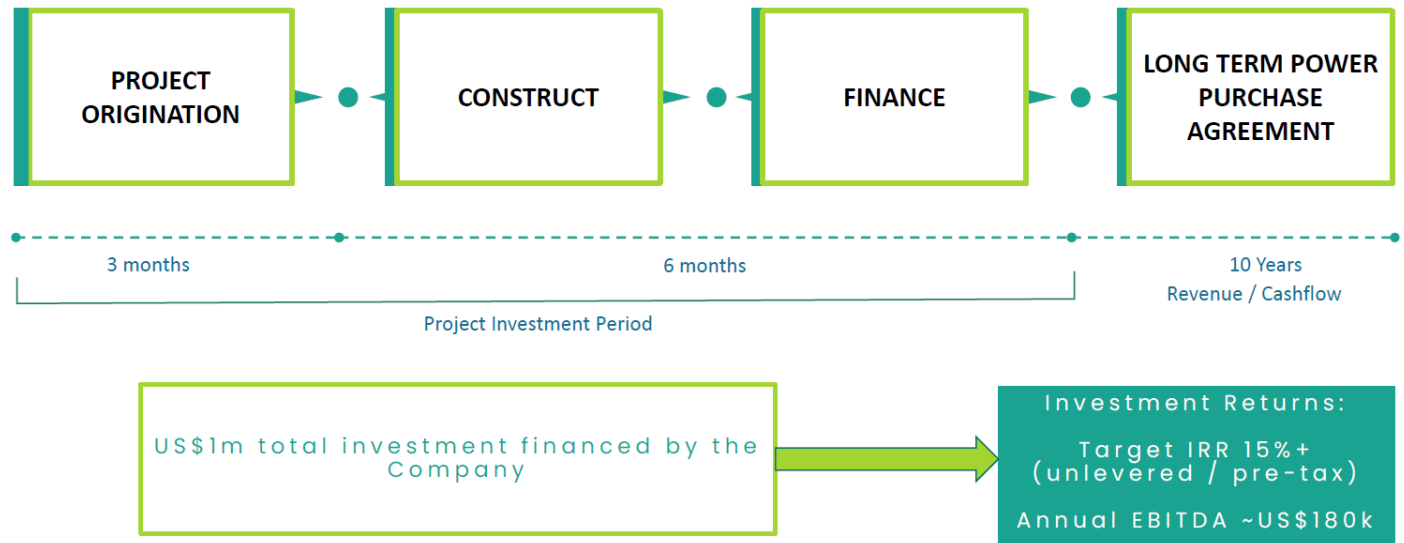
Distributed Generation

This business unit develops, constructs, and operates behind-the-meter energy projects, such as rooftop solar, battery storage technology, and combined heat & power (CHP). These projects typically have a capacity of 5MW or less, focused on behind-the-meter installations at the facilities of industrial customers selling electricity directly to customers under long-term agreements. Revolve’s DG development timelines are shorter and typically take less than a year from origination to operation. The company’s projects are sold to a variety of customers, including commercial and industrial businesses, schools, and municipalities. The company currently has 6MW of operating projects and 3MW construction ongoing with a future pipeline of +157MW.

Business Model

The division was launched in April 2022 with a focus of targeting small-scale projects (<5MW) with installations on customers’ premises. The business model is based on an operator mindset with long-term cash flow generation secured through predetermined PPAs. A typical DG project cycle includes four stages: (1) Project Origination; (2) Construct; (3) Finance; and (4) Long-Term PPA. Revolve installs the projects at its own cost and enters into long-term PPAs (up to 10 years) for the sale of electricity from the projects with the customer. The company aims to have a minimum pre-tax IRR of +15% in these small projects.

Figure 2: Distributed Generation Business Model Illustrative Investment Case



Source: [Company Presentation Aug 2023](#)

In the above figure, an illustrative investment case implies that a 2MWh battery storage system with an investment of \$1 million is expected to earn annual EBITDA of \$180K with a pre-tax IRR target of 15% for the whole investment.

Distributed Generation Portfolio

The portfolio consists of Centrica Business Solutions, which was a strategic acquisition done by Revolve to get a fast-track entry into the DG market, which was financed with \$200k cash and a \$1.2 million two-year secured loan from RE Royalties. The portfolio included six operational rooftop solar projects and one operational CHP project, with a combined capacity of 2.85MW, with expected recurring annual revenue of \$400K and EBITDA of \$300K for the next eight years. Additionally, a 3MW CHP project is fully commissioned and construction is awaiting final permits. This is expected to be operational in 2H23, while generating \$1 million in revenue with EBITDA of \$400K for a 10-year period.

DG Operational Portfolio

Name	Technology	Capacity	Status	Target RTB	Target COD
CBS Solar	Rooftop Solar	2.35MW	Operational	NA	NA
CBS CHP I	CHP	0.5MW	Operational	NA	NA
Cancun BESS	Battery Storage	3.2MW	Operational	NA	NA

DG Pipeline

Name	Technology	Capacity	Status	Target RTB	Target COD
CBS CHP II	CHP	3.0MW	Under construction	NA	1H24
PR 1	Rooftop Solar	0.5MW	LOI signed	4Q23	2Q24
CBS CHP III	CHP	1.0 MW	LOI signed	4Q23	2Q24
RS Dev	Rooftop Solar	13.44MW	Development	TBC	TBC
BESS Dev	Battery Storage	120.1MW	Development	TBC	TBC
CHP Dev	CHP	4.0MW	Development	TBC	TBC
ST Dev	Solar Thermal	17.3MW	Development	TBC	TBC

Transition from Renewable Energy Development to Owner/Operator of Renewable Energy

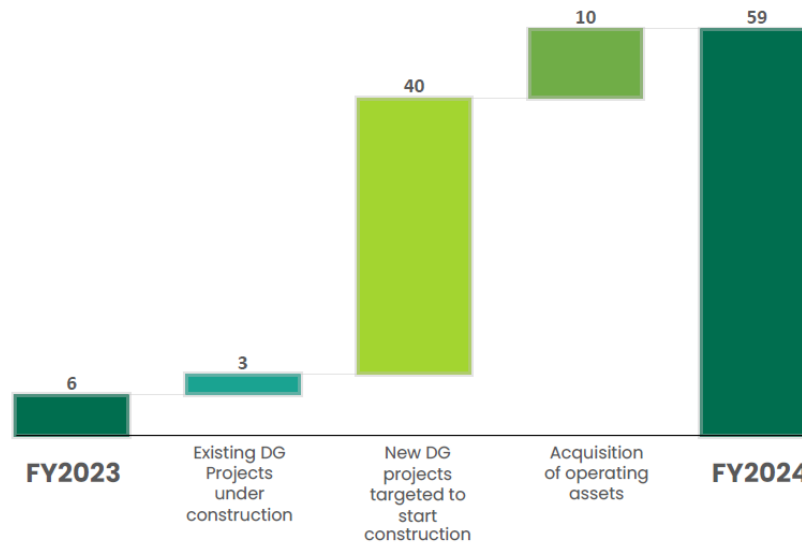
Revolve is 12 months into a significant transition from its previous role as a “pure” development company to a new phase as an owner and operator of renewable energy projects. This strategic shift marks an important milestone in the company’s evolution and reflects its commitment to expanding its presence and influence in the renewable energy market. As a “pure” development company, Revolve had primarily focused on identifying, designing, and developing renewable energy projects. The company played a crucial role in the early stages of project conception, feasibility assessments, securing permits and approvals, and overseeing the initial construction and commissioning processes. These activities allowed Revolve to establish a strong reputation for its expertise in project development and its contribution to the growth of renewable energy infrastructure. However, recognizing the immense potential and long-term value of owning and operating renewable energy projects, Revolve made the strategic decision to transition into becoming an owner and operator. This shift enables the company to have a more comprehensive and integrated approach to the entire lifecycle of renewable energy projects, while capturing additional revenue streams and enhancing its market position. By becoming an owner, Revolve acquires ownership stakes in operational renewable energy facilities, such as solar farms, wind parks, or hydroelectric plants. This ownership position grants the company greater control and responsibility for the day-to-day operations, maintenance, and performance of these projects. It allows Revolve to leverage its technical expertise and industry knowledge to optimize energy generation, improve efficiency, and ensure the long-term sustainability and profitability of the assets. Moreover, as an owner and operator, Revolve gains direct access to the revenue generated by these projects, including PPAs, feed-in tariffs, or other incentives provided by governments or energy off-takers. This diversification of revenue sources reduces the company’s reliance on project development alone and enhances its financial stability and growth potential. The transition to becoming an owner and operator also opens up new avenues for Revolve to explore additional value-added services. These may include energy storage solutions, grid integration services, energy trading, or even expanding into related sectors like electric vehicle charging infrastructure. By leveraging its operational assets and industry expertise, the company can create synergies and capture opportunities across the renewable energy value chain. Furthermore, this strategic shift positions Revolve as a more attractive partner for investors, lenders, and other stakeholders. Owning and operating renewable energy projects demonstrates the company’s commitment to long-term sustainability and its ability to deliver consistent returns. It enhances the company’s prospects for securing project financing, attracting joint venture opportunities, and fostering strategic alliances within the renewable energy industry.

Organic Growth Strategy to Drive Transition to Operator Business Model

Revolve has set its sights on constructing and operating smaller utility-scale assets within its existing portfolio. This strategic direction reflects the company’s commitment to pursuing organic growth opportunities and capitalizing on the potential of renewable energy development. By targeting the construction and operation of smaller utility-scale assets, Revolve aims to optimize its existing portfolio and unlock the full potential of its renewable energy resources. The company has identified two key projects, namely the 80MWh Vernal Battery Energy Storage System (BESS) Project and the 49.5MW Primus Wind Project, as focal points for its efforts to expand and enhance its renewable energy portfolio. The Vernal BESS Project represents a significant step for Revolve in the realm of energy storage. With a capacity of 80MWh, this battery storage system will serve as a crucial enabler for grid stability, demand management, and the integration of intermittent renewable energy sources. In addition to energy storage, Revolve is also focusing on the development of the Primus Wind Project, a 49.5MW wind farm. Wind energy remains a key component of the company’s renewable energy portfolio, and the Primus Wind Project represents a substantial addition to its generation capacity. The decision to construct and operate these small utility-scale assets highlights Revolve’s commitment to driving organic growth.

One of the key advantages of focusing on smaller utility-scale assets is the flexibility and agility it offers. By developing projects of a smaller scale, Revolve can navigate through regulatory processes more efficiently, secure permits and approvals swiftly, and expedite the overall project development timeline. This enables the company to seize opportunities in a timely manner, adapt to changing market dynamics, and capitalize on emerging renewable energy markets. Moreover, constructing and operating smaller utility-scale assets aligns with the global trend toward distributed energy generation and decentralized power systems. As renewable energy technologies continue to advance and become more cost-effective, smaller-scale projects can offer greater energy self-sufficiency, grid resilience, and reduced transmission losses. Revolve has set an ambitious goal to convert 40MW per year over FY24 and FY25 from its DG development portfolio into projects under construction or operational status. This strategic objective underscores the company’s commitment to accelerating the deployment of renewable energy projects and driving sustainable growth. Furthermore, the conversion of DG projects into operational assets aligns with Revolve’s long-term growth strategy. By transitioning projects from the development phase to the construction or operational phase, the company can unlock the value of its project pipeline and generate revenue. This revenue, in turn, can be reinvested into new projects, further fueling the company’s growth and expanding its renewable energy portfolio.

Figure 3: FY24 Operating & Construction Portfolio (MW)



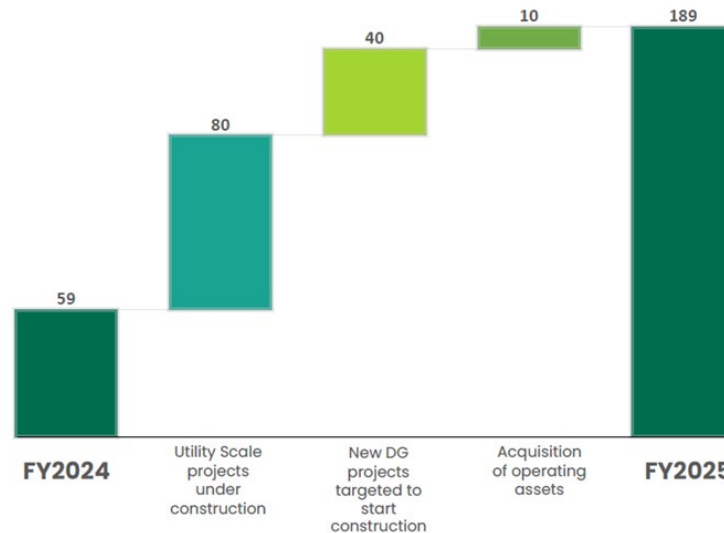
Source: [September 2023 presentation](#)

As part of its strategic plan, Revolve has identified the strategic disposal of large utility-scale assets as a means to generate capital to invest in the further growth of the company. This approach allows the company to optimize its portfolio, reallocate resources, and align its investments with its long-term growth objectives. By strategically disposing of large utility-scale assets, Revolve can unlock the value of these assets and generate significant capital. In 2023 to date, it has received \$2.85 million of cash payments through one such sale and has historically received more than \$17 million from similar transactions. The capital generated from the strategic disposal of large utility-scale assets can then be directed toward funding the construction and development of smaller utility-scale projects. These smaller-scale projects, such as the Vernal BESS and Primus Wind projects, often require comparatively lower upfront investment and offer the potential for faster returns on investment. Additionally, the capital generated from the disposal of large utility-scale assets can be used to reduce debt, strengthen the company’s balance sheet, or invest in research and development initiatives. Figures 3 and 4 depict how the company plans to convert development portfolio into projects under construction or operational status by targeting 40MW of new DG projects construction each year. By the end of FY24, the company aims to have 59MW of operating & construction portfolio under different stages, with 10MW of acquired operating assets. By the end of FY25, the company is targeting 189MW of operating & construction portfolio, driven by 80MW of utility-scale projects under construction, combined with 10MW of acquired operating assets and 40MW of DG projects.

M&A Strategy to Drive Transition to Operator Business Model

Revolve has formulated a robust merger and acquisition (M&A) strategy aimed at expanding its presence into new markets, with a particular focus on the US and Canada. The company’s M&A efforts are primarily directed toward acquiring operational assets in the solar, wind, and battery storage sectors, with an emphasis on projects that have an installed capacity of less than 30MW. By pursuing M&A opportunities, Revolve can achieve accelerated market entry into new regions and capitalize on established assets that are already generating revenue. The company’s focus on the US and Canada aligns with the significant renewable energy potential and supportive regulatory frameworks present in these markets. These regions offer a favorable investment climate and a robust demand for clean energy, making them attractive targets for expansion. The M&A strategy specifically targets operational assets, implying that Revolve seeks to acquire projects that have already completed the development phase and are actively generating electricity and revenue.

Figure 4: FY25 Operating & Construction Portfolio (MW)



Source: [September 2023 presentation](#)

Acquiring operational assets provides several advantages, such as immediate revenue and cashflow generation with no development risk. This approach allows the company to swiftly leverage the existing infrastructure and revenue streams, accelerating its growth trajectory. The criterion of acquiring assets with an installed capacity of less than 30MW reflects Revolve’s preference for smaller utility-scale projects. These projects have several advantages, including streamlined development processes, enhanced flexibility, and localized impact.

Sale of Bouse and Parker Solar & Storage Projects an Important Milestone

At the start of the year, the company announced the sale of the Bouse and Parker Solar & Storage projects to ENGIE for a total consideration of between \$50 million and \$62.5 million, which are linked to the successful completion of development milestones. The sale of Bouse (1,000MW) and Parker (250MW) represents the company’s first sale from its US development portfolio. The company has already received \$2 million, of which \$0.8 million has already been recognized as revenue in 4Q23 (Y/E 30 June). Further, in mid-July, the company had met the completion of the interconnection milestone related to the 250MW Parker Solar and Storage Project and is expected to record revenues of \$1.09 million consisting of \$0.85 million pertaining to the completion of the milestone of Parker and \$0.24 million pertaining to previously deferred revenue. In addition, the company is eligible to receive additional revenues ranging between \$47.15 million and \$59.65 million when the following milestones are completed for each respective project: (1) further interconnection studies; (2) notice to proceed (NTP) construction works; and (3) the commissioning date (COD).

The above returns are in line with the illustrative case detailed above where the company expects to earn \$40-50K per MW, which puts the Bouse and Parker sale consideration between \$50.0 million and \$62.5 million for a total capacity of 1,250MW. The company currently has only received \$2.85 million and is expected to receive further payments when the critical milestones are completed. We derive confidence from the previous sale of the company’s Dolores Wind Project in Mexico outlined below.

Earlier in 2018, the company sold its Dolores Wind Project in Mexico with 269MW capacity to Enel Green Power. The company commenced the greenfield development of the Dolores Wind Project in 2016, successfully bringing it through the development phases. The company then exited the project through a sale to Enel Green Power following the successful award of a PPA for the project. The company continued to work alongside Enel Green Power until the project commenced construction in September 2018. In addition, the company also entered into various agreements for its 40MW Mamulique Wind and 15MW Zamora Solar projects. The company received C\$17 million from these three projects combined for development services and exclusivity payments. Going forward, the company expects its development portfolio to gain traction and achieve necessary milestones.

Acquisition of WindRiver Power to Drive Further Investments in Canada

In the last two weeks Revolve announced the acquisition of WindRiver Power Corporation for upfront consideration of C\$4.85 million by acquiring all of the outstanding common shares of WindRiver. Additionally, the company will also make a deferred payment of C\$14 million on a milestone basis linked to the future successful development of two hydro development projects. Through this acquisition, the company will add a capacity of ~7MWs of net operational and 90MW of development assets. WindRiver has been in the Canadian market since 2008 and will bring with it a strong and successful track record of developing and completing renewable projects in the wind and hydro space totaling more than 200MW. The acquisition of the Canadian renewable energy operator and developer is in line with the company's strategy of building a diversified renewable energy platform across North America, while adding long-term recurring revenue and cash flow. Furthermore, the acquisition will provide a strong base aiding expansion in the Canadian market where greenfield development work was started earlier this year. The company will finance the acquisition through a secured loan including a royalty in the agreement with RE Royalties to the tune of C\$5 million or 80% of upfront consideration for a term of 36 months with 12% interest payable on a quarterly basis. The royalty payments are expected to be 0.5-1.0% of gross revenue generated by certain operational assets. Additionally, a 1% financing fee on the secured loan will also be made to RE Royalties.

WindRiver Operational Portfolio

Name	Technology	Capacity	Commissioned Date	PPA Years	Net % Ownership for REVV
Box Springs	Windfarm	6.0MW	2014	20-year fixed	51%
Hunter Creek	Hydro	11.0MW	2018	NA	21%
Sakwi	Hydro	6.0MW	2014	NA	21%

WindRiver Development Portfolio

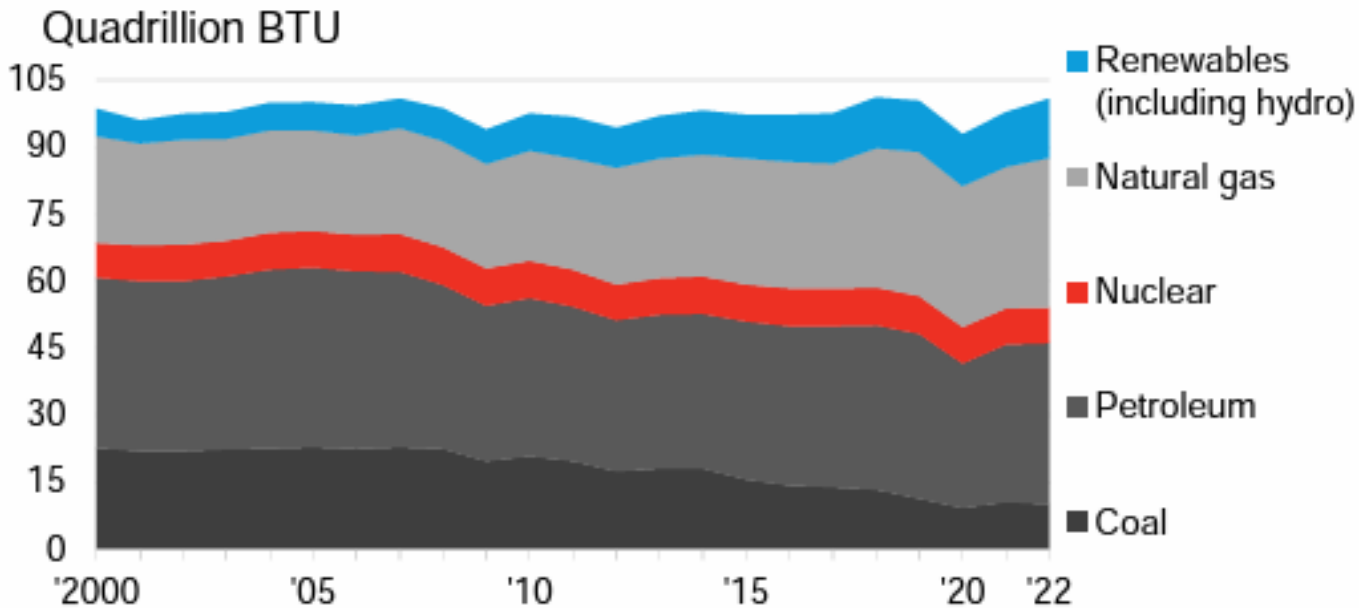
Name	Technology	Capacity	Status	Target RTB	% Ownership
Tamih Creek	Hydro	15.0MW	Under construction	2025-2026	70%
Kinskuch Lake	Hydro	75.0MW	Under construction	2025-2026	87.5%

Transition to Net-Zero Emissions Is One of the Key Drivers

The transition to net-zero emissions is a crucial and transformative process that will shape the renewable energy industry over the next decade and beyond. With the pressing need to combat climate change and reduce greenhouse gas emissions, countries, businesses, and individuals worldwide are recognizing the importance of transitioning to a sustainable energy system. To achieve the goal of net-zero emissions, a significant amount of new renewable energy and DG capacity is required. This means that traditional fossil fuel-based energy sources such as coal, oil, and gas will need to be replaced with cleaner and more sustainable alternatives like solar, wind, hydro, geothermal, and biomass. This is where Revolve comes into the picture and helps achieve the transition from fossil fuel-based energy to a sustainable source of energy through renewables. One of the key drivers for the renewable energy industry in this transition is the urgent need to reduce carbon dioxide and other greenhouse gas emissions. Renewable energy sources produce little to no emissions during operation, making them a crucial component in the fight against climate change. Shifting to renewable energy can significantly reduce reliance on fossil fuels and mitigate the environmental impact associated with their extraction, transportation, and combustion. Another driver behind the expansion of the renewable energy industry is the increasing affordability and competitiveness of renewable technologies. Over the past decade, significant advancements in technology and economies of scale have led to a substantial decrease in the cost of renewable energy generation. Solar and wind power, in particular, have become increasingly cost-effective, making them attractive options for both large-scale power generation projects and DG systems. Revolve is well-placed to capitalize on these technological advancements and economies of scale, driving down the cost of renewable energy generation. Furthermore, governments and international organizations are playing a crucial role in driving the transition to net-zero emissions. Many countries have set ambitious renewable energy targets and implemented supportive policies and incentives to encourage the development of renewable energy projects. These policies include feed-in tariffs, tax credits, grants, and renewable portfolio standards, which promote the deployment of renewable energy infrastructure and encourage investment in the sector. The transition to net-zero emissions also presents significant opportunities for job creation, economic growth, and energy independence. The renewable energy industry has the potential to generate millions of jobs globally, ranging from manufacturing and installation to research and development.

By investing in renewable energy, countries can reduce their dependence on imported fossil fuels, enhance energy security, and stimulate local economies through the development of a robust renewable energy sector.

Figure 5: US Primary Energy Consumption by Fuel Type



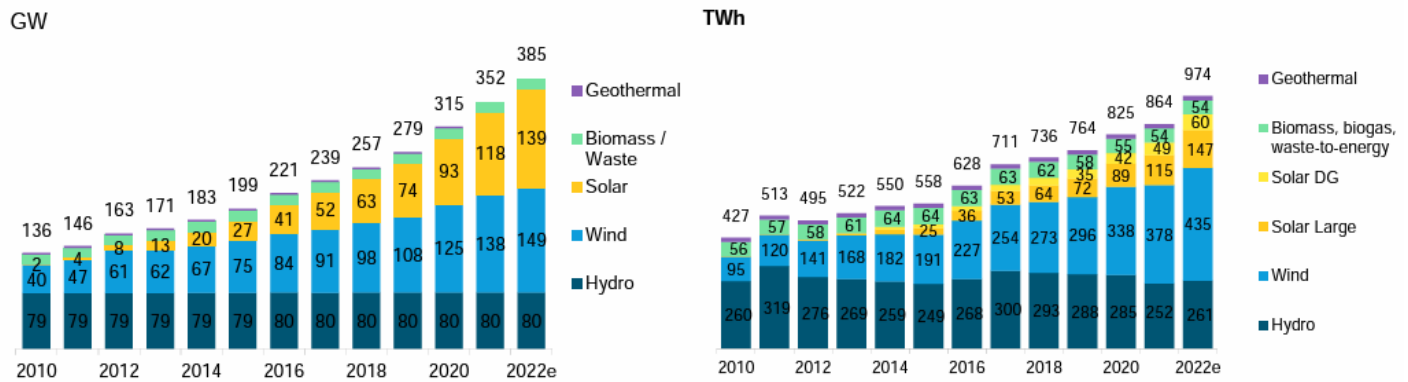
Source: [Bloomberg NEF 2023 Sustainable Energy in America Factbook](#)

In addition to new renewable energy capacity, the expansion of DG systems is vital for achieving the transition to net-zero emissions. DG refers to the generation of electricity from numerous smaller sources located close to the point of consumption, such as rooftop solar, small wind turbines, battery storage and combined heat & power. These decentralized systems offer numerous benefits, including reduced transmission losses, increased grid resilience, and improved access to electricity, particularly in remote or underserved areas. Revolve, with a pipeline capacity of ~160MW in DG, will play a vital role in achieving the transition to net-zero emissions. In conclusion, the transition to net-zero emissions is a key driver for the renewable energy industry over the next decade and beyond. The need to combat climate change, the decreasing cost of renewable technologies, supportive government policies, job creation opportunities, and the importance of DG all contribute to the growing demand for new renewable energy capacity. Embracing renewable energy sources and expanding DG can pave the way for a sustainable and resilient energy future.

The Demand for Renewable Energy Market in the US

In 2022, the US witnessed the addition of 32GW of new renewable power-generating capacity to its grid, a decline of 5GW compared with the 37GW installed in 2021, but still above the long term average. Developers encountered challenges during this period, including complex supply chains and increased costs. The solar market in the US faced specific difficulties during 1H22 due to an investigation by the Commerce Department regarding the imposition of higher tariffs on solar equipment from four Southeast Asian nations. However, in June, President Biden issued an executive order that effectively delayed the implementation of such tariffs for two years. As for wind power, uncertainties surrounding tax credits, coupled with supply chain limitations, interconnection delays, and elevated input costs, posed significant obstacles throughout the year. Although the Investment Tax Credit (ITC) has been reinstated to support the establishment of new wind farms, it will take time for the benefits offered by the new law to translate into tangible capacity expansions. In comparison, the growth of biomass, geothermal, waste-to-energy, and small hydro capacity remained relatively modest in 2022. Approximately 21MW of new biomass and waste-to-energy capacity were added during this period. However, the newly enacted ITC provides a more equitable environment and long-term support for all renewable energy technologies, which could potentially affect investment decisions in slower-growing sectors of renewable energy.

Figure 6: US Renewable Energy Capacity and Generation



Source: [Bloomberg NEF 2023 Sustainable Energy in America Factbook](#)

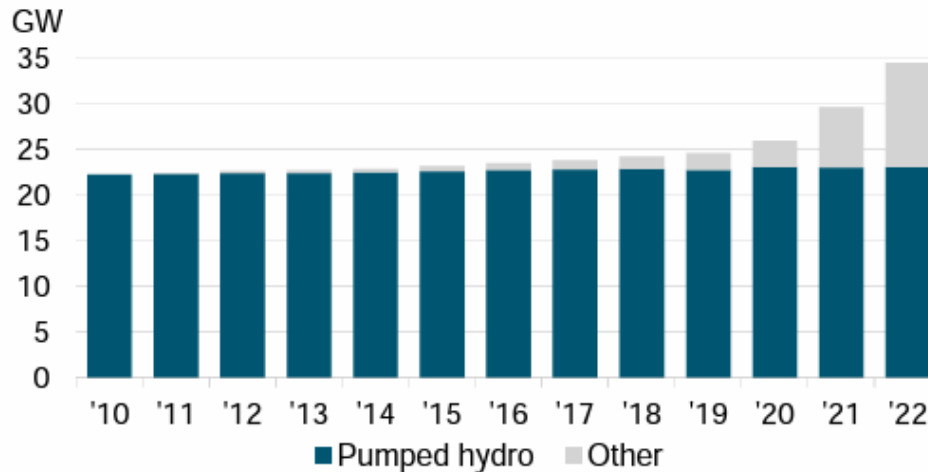
Despite the challenges faced, sustainable energy sources in the US fulfilled a record amount of energy demand in 2022. Among the major sectors, renewables, including wind, solar, biomass, waste-to-energy, geothermal, and hydro, experienced the fastest growth rate. The contribution of renewable power surged to 974TWh from 864TWh in 2021, representing a significant 12.6% Y/Y increase. In 2022, renewables accounted for their highest-ever proportion of total US power generation, reaching 22.7%. This growth was primarily propelled by substantial increases in wind and solar output, as well as the expansion of hydroelectric production. Over the past decade, renewables and natural gas together have risen from comprising 43% of total power generation to a remarkable 62%. Furthermore, in 2022, zero-carbon power, which encompasses renewable generation and nuclear power, reached an all-time high, contributing to 40.6% of total energy output. Conversely, coal-fired generation experienced a decline, representing 19.4% of production in 2022, slightly higher than its recent low of 19.1% observed in 2020.

Overall, while the US experienced a decline in new renewable energy installations in 2022 due to various challenges, the introduction of supportive policies and the potential resolution of supply chain issues are expected to contribute to the future growth of the renewable energy industry in the country.

US Leads Global Energy Storage Market with Significant Capacity Commissioning

The US witnessed a significant milestone in the field of energy storage as it commissioned an estimated 4.8GW of utility-scale non-hydropower storage, resulting in a total capacity of 11.4GW. Among the various types of energy storage resources, pumped storage stands out as the largest, accounting for approximately 67% of the total capacity, while battery storage and thermal storage make up the remaining portion. This diverse mix of storage options allows for flexibility and adaptability in meeting the dynamic energy demands of the country. Despite encountering delays in project development due to supply chain-related challenges, the US continues to maintain its position as the world’s largest demand market for energy storage. This achievement reflects the growing recognition of the importance and potential of energy storage technologies in achieving a more sustainable and resilient energy system. The increasing adoption of energy storage solutions is driven by their ability to address various energy-related challenges and offer numerous benefits. Revolve continues to explore options in the battery storage market and aims to have a sizable portfolio in the energy storage industry, with more than 1GW of upcoming projects in the pipeline having storage capabilities.

Figure 7: US Commissioned Energy Storage Capacity



Source: [Bloomberg NEF 2023 Sustainable Energy in America Factbook](#)

One prominent use case for new batteries is energy shifting. By pairing renewable energy sources, such as solar and wind, with energy storage, the US is embracing a cost-effective option to displace fossil fuel projects. Energy shifting involves storing excess renewable energy during periods of low demand and releasing it when energy demand is high. This practice not only helps to optimize the utilization of renewable energy resources but also contributes to reducing reliance on traditional fossil fuel-based power generation. As a result, energy shifting plays a vital role in achieving a more sustainable and environmentally friendly energy landscape. Recognizing the potential of energy storage technologies, Revolve has already integrated storage into long-term resource planning while looking for renewable energy capacities. Energy storage is seen as a valuable solution to address power system flexibility needs, enabling a more efficient and reliable electricity grid. By integrating energy storage into its infrastructure, Revolve can better manage fluctuations in energy supply and demand, enhance grid stability, and improve overall system resilience.

In summary, the US has made remarkable progress in the deployment of energy storage systems, with significant capacity additions in utility-scale non-hydropower storage. Despite challenges related to supply chain disruptions, the US leads the global demand for energy storage. The dominant use case for new batteries is energy shifting, which involves pairing renewables with storage to displace fossil fuel projects. Utilities nationwide are recognizing the value of energy storage technologies and incorporating them into their long-term planning, thereby addressing power system flexibility needs and paving the way for a more sustainable and efficient energy future.

Inflation Reduction Act a Significant Catalyst

In August 2022, a significant milestone was achieved in the US as Congress passed the Inflation Reduction Act (IRA), which stands as the most consequential federal law to date aimed at addressing climate issues. This legislative victory marked a major step forward for various clean energy sectors and demonstrated the government’s commitment to accelerating the energy transition. The IRA is set to provide substantial support to energy transition technologies, with a minimum allocation of \$369 billion. This significant investment will play a crucial role in driving the US closer to achieving the ambitious climate target set by the Biden administration. Specifically, the law aims to halve economy-wide CO2 emissions by 2030, relative to the levels recorded in 2005. With the enactment of the IRA, the country is poised to make substantial progress in reducing greenhouse gas emissions and transitioning to a more sustainable and low-carbon economy. In 2023 and 2024, the Treasury Department will dedicate significant efforts to defining the guidelines for utilizing the allocated funds and ensuring their effective deployment toward advancing clean energy technologies and initiatives. The passage of the IRA represents a significant turning point in the country’s commitment to combating climate change and accelerating the adoption of clean energy solutions. The law’s substantial financial support will foster innovation, research, and development in renewable energy, energy efficiency, and other climate-friendly technologies. By investing in these areas, the US aims to not only reduce carbon emissions but also drive economic growth, create jobs, and enhance energy security. Moreover, the IRA sends a clear signal to businesses, investors, and the international community that the US is prioritizing climate action and clean energy transition. It provides a stable and supportive policy framework that encourages private sector investment and stimulates the development and deployment of clean energy technologies. This, in turn, paves the way for increased collaboration, innovation, and market expansion within the clean energy sector.

The Canadian Government's Renewable Energy Budget Measures a Welcome Boost

Canada is already a global leader in renewable energy power generation, with 83% of its grid power coming from renewable and nuclear sources. A recent report by the Canadian Renewable Energy Association found that the government's budget measures are expected to increase Canada's renewable energy capacity by 38% by 2030. The Canadian renewable energy market has recently experienced a significant boost thanks to a substantial package of tax and grant incentives introduced by the government in its 2023 budget. These incentives are aimed at promoting the development and adoption of renewable energy sources across the country. These incentives include: (1) a 30% refundable investment tax credit for clean electricity generation technologies, such as wind, solar, and hydro; (2) a 40% refundable investment tax credit for clean hydrogen production; (3) a \$6.3 billion clean electricity investment tax credit to support and accelerate clean electricity investment in Canada; and (4) a \$19.4 billion clean technology investment tax credit to decarbonize industry. The introduction of these tax and grant incentives has several positive implications for the Canadian renewable energy market. Firstly, it makes Canada a more attractive destination for renewable energy investment. This is particularly important in light of the recent IRA in the US, which also offers significant incentives for renewable energy development. Secondly, the incentives are expected to accelerate the deployment of renewable energy projects in Canada. This will help the country to reduce its greenhouse gas emissions and transition to a clean energy economy. Furthermore, the tax and grant incentives promote job creation and boost the Canadian economy. The renewable energy sector is already a major employer in Canada, and these incentives are expected to create even more jobs in the years to come.

Canada's new renewable energy investment tax credit (ITC), announced in the 2023 federal budget, will make the country a world leader in providing financial support for green energy projects. The full ITC applies to geothermal, solar, wind, and energy storage projects and will be in effect until December 2033, falling to 15% in 2034 and being phased out completely after that. Hydrogen projects will also benefit from a government-backed credit line for new projects. The ITC is a refundable incentive that offers a percentage of the cost of capital investment, providing a 30% tax write-off for renewable technologies deployed through 2034. This significant financial support is expected to encourage further development of renewable energy projects in Canada and revitalize some projects that have been stalled due to economic factors. This is part of a growing global trend of policies that prioritize domestic production and labor, similar to the IRA. Overall, Canada's new renewable energy investment tax credit is a positive development for the country's transition to a clean energy economy. It will help to create jobs, reduce greenhouse gas emissions, and make Canada a more competitive destination for renewable energy investment.

Mexico's Renewable Energy Push Driven by Growing Need for New Generation Capacity

The Mexican government has set a target of 30GW of additional renewable energy capacity by 2030. This is a significant increase from the country's current renewable energy capacity of 15GW. However, there are a number of policy challenges that need to be addressed in order to achieve this target. One of the biggest challenges is the current government's preference for state-owned energy companies. This has made it difficult for private companies to invest in renewable energy projects in the last few years despite Mexico being one of the fastest growing renewable energy markets. Another challenge is the current government's proposed changes to the electricity market during 2020 and 2021. Despite most of these changes being rejected by the courts this has made it more difficult for private companies to develop and operate renewable energy projects. Despite these challenges, there has been some progress in the development of renewable energy in Mexico this year with a number of projects receiving permits to start operations. The government has also announced plans to invest in transmission infrastructure for renewable energy projects. This is an important step, as it will help to connect new renewable energy projects to the grid. Despite these challenges, Mexico has the potential to become a major player in the renewable energy sector. The country has abundant renewable energy resources, such as solar and wind power. It also has a large and growing demand for electricity. If the government can address the policy and technical challenges, Mexico could achieve its target of 30GW of additional renewable energy capacity by 2030. Revolve has nearly 1.5GW of utility-scale development capacity in its pipeline in Mexico under different stages of development. The company will play a key role in the development of renewable energy sector in the Mexico and be a significant contributor to the country's renewable capacity.

The Mexican economy is growing at a rapid pace, and this is driving up the demand for electricity. In 2022, the Mexican economy grew by 6.2%, the highest rate of growth in Latin America. This growth is being driven by a number of factors, including strong domestic demand, increased investment, and exports. The demand for electricity is also being driven by the increasing presence of multinationals in Mexico. Many multinationals are investing in Mexico because of the country's low labor costs, proximity to the US, and free trade agreements. These multinationals are demanding reliable and affordable electricity to power their operations. The current electricity generation capacity in

Mexico is not sufficient to meet the growing demand. The country's installed capacity is 95.4GW, but the demand is expected to reach 120GW by 2030. This means that Mexico needs to add an additional 24.6GW of capacity in the next eight years. The Mexican government is aware of the need for new electricity generation capacity. In 2022, the government announced a plan to invest \$100 billion in the electricity sector over the next five years. This investment will be used to build new power plants, transmission lines, and distribution networks. The government is also promoting the development of renewable energy in Mexico.

The DG market in Mexico is the fastest growing sub-sector of the electricity market. This is due to a number of factors, including the rising cost of electricity from traditional sources, increasing demand for renewable energy, and the government's support for DG projects. In 2007, the government passed a law that allows individuals and businesses to generate their own electricity and sell it back to the grid. The government has also offered a number of incentives for DG projects, such as tax breaks and rebates. As a result of these factors, the DG market in Mexico is expected to grow rapidly in the coming years. The International Renewable Energy Agency (IRENA) projects that the DG market in Mexico will reach 10GW by 2030. The rising cost of electricity from traditional sources is one of the main drivers of the growth of the DG market in Mexico. The cost of electricity from fossil fuels has been increasing in recent years due to factors such as the depletion of fossil fuel reserves and the rising cost of carbon emissions. This has made DG projects more attractive, as they can provide a way to reduce electricity costs. The increasing demand for renewable energy is another major driver of the growth of the DG market in Mexico. Mexico has abundant renewable energy resources, such as solar and wind power. These resources are becoming increasingly cost competitive with traditional sources of energy, making them a more attractive option for DG projects. The cost of solar and wind power technologies has been declining in recent years, making them more affordable for DG projects. Additionally, the development of new technologies, such as energy storage, is making it possible to store excess electricity generated from DG projects and use it later. Revolve has a small presence in the Mexico DG market with a pipeline of ~160MW of renewable energy. Although small, the company can emerge as one of the key players in the DG market and will drive the technological developments and regulation environment.

MANAGEMENT

Revolve has a highly experienced and growing management team and is led by two key directors:

Steve Dalton – Chief Executive Officer & Director

Steve Dalton is a co-founder of Revolve and has been involved in various aspects of the renewable energy sector since 2004. Along with Omar Bojorquez, he has been a key part of the executive management team that has driven the development of the business with a particular focus on the commercial and financing activities undertaken by Revolve. Steve has also led Revolve's efforts to expand into the US market building the portfolio and pipeline to over 2GW today. He has a background as a project financier working for the Irish subsidiary of Royal Bank of Scotland and during this role led the financing of over 500MW or 35+ renewable energy projects. He has also successfully developed other wind generation and battery storage projects and has provided corporate finance advice to various other independent developers of renewable energy projects.

Omar Bojorquez – President & Director

Omar Bojorquez is a co-founder and President of Revolve and has over 12 years' experience in the renewable energy industry. During his time with Revolve, Omar has led the development of utility scale power projects (300MW wind & solar) from greenfield to RTB stage. Previously, he was the deputy Commercial Counselor at Bancomext office in the UK. He is a graduate of Universidad Panamericana Law School in Mexico City. Amongst his many certifications, Omar holds a diploma in energy (WEC), corporate governance (IMMPC) and senior business management (IPADE Business School).

RISKS

Transition to the owner and operator model creates new risks. Since inception, Revolve has been developing renewable assets and has just begun the transition to an owner and operator model. The company's success depends on its ability to successfully develop, build, and operate renewable energy projects. The lack of experience in operating renewable assets will need to be addressed through the addition of able management to oversee the operations.

Project development risks. While Revolve has transitioned into an owner and operator, there may still be project development risks associated with identifying suitable sites, obtaining permits and approvals, and executing projects successfully. Delays, cost overruns, or unforeseen technical difficulties can affect project timelines and financial outcomes. The Bouse and Parker Solar & Storage projects are still under development, and there is always the risk that projects may not be completed as planned or may not be commercially viable. If either of these projects is delayed or cancelled, it could have a negative impact on Revolve's financial performance.

Regulatory risk. The renewable energy industry is subject to a variety of government regulations, which can change over time. Changes in government policies, subsidies, or regulations related to renewable energy can affect the profitability and viability of projects, potentially leading to financial losses for Revolve. Additionally, changes in regulations could affect the projects that Revolve's sold to ENGIE, or could increase the costs of the projects, which in turn could affect the milestone payments due to Revolve.

Competitive landscape. The renewable energy sector is becoming increasingly competitive, with new market entrants and established players vying for market share. Revolve may face challenges in maintaining its competitive edge and attracting customers and investors. Additionally, Revolve faces competition from other renewable energy developers, as well as from traditional utilities and other energy companies.

ABOUT THE ANALYST



Shawn Severson

President & Co-Founder

Shawn Severson is President & Co-Founder of Water Tower Research. Prior to co-founding Water Tower Research and previously founding predecessor firm alphaDIRECT Advisors, Shawn spent over 20 years as a senior equity research analyst covering the Technology and ClimateTech sectors, including senior positions at JMP Securities, ThinkEquity, Robert W. Baird (London) and Raymond James, and he started his career as an equity research associate at Kemper Securities.

Shawn was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and a StarMine Analyst Awards Top 3 stock picker. Shawn's extensive professional experience also includes his former role as Managing Director of the Energy, Environmental and Industrial Technologies Practice at The Blueshirt Group, a leading investor relations and IPO advisory firm. Shawn holds a BA degree in Finance and Economics from Augustana College.

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