Safe harbor & forward looking statements

This communication contains forward-looking statements related to Sunrun (the “Company”) within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements related to: the Company’s financial and operating guidance and expectations; the Company’s business plan, trajectory, and expectations, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the Company’s momentum in its business strategies including its ESG efforts, expectations regarding market share, total addressable market, customer value proposition, market penetration, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the growth of the solar industry; the Company’s ability to derive value from the anticipated benefits of partnerships, new technologies, and pilot programs; anticipated demand, market acceptance, and market adoption of the Company’s offerings, including new products, services, and technologies; expectations regarding the growth of home electrification, electric vehicles, virtual power plants, and distributed energy resources; the Company’s ability to manage suppliers, inventory, and workforce; supply chains and regulatory impacts affecting supply chains; the Company’s leadership team and talent development; the legislative and regulatory environment of the solar industry and the potential impacts of proposed, amended, and newly adopted legislation and regulation on the solar industry and our business; the ongoing expectations regarding the Company’s storage and energy services businesses and anticipated emissions reductions due to utilization of the Company’s solar systems; anticipated, or potential impacts of the COVID-19 pandemic and its variants; and factors outside of the Company’s control such as macroeconomic trends, public health emergencies, natural disasters, acts of war, terrorism, geopolitical conflict, or armed conflict / invasion, and the impacts of climate change. These statements are not guarantees of future performance; they reflect the Company’s current views with respect to future events and are based on assumptions and estimates and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. The risks and uncertainties that could cause the Company’s results to differ materially from those expressed or implied by such forward-looking statements include: the Company’s continued ability to manage costs and compete effectively; the availability of additional financing on acceptable terms; worldwide economic conditions, including slow or negative growth rates and inflation; volatile or rising interest rates; changes in policies and regulations, including net metering and interconnection limits, or caps and licensing restrictions and the impact of these changes on the solar industry and our business; the Company’s ability to attract and retain the Company’s business partners; supply chain risks and associated costs; the impact of COVID-19 and its variants on the Company’s operations; realizing the anticipated benefits of past or future investments, partnerships, strategic transactions, or acquisitions, and integrating those acquisitions; the Company’s leadership team and ability to attract and retain key employees; changes in the retail prices of traditional utility generated electricity; the availability of rebates, tax credits and other incentives; the availability of solar panels, batteries, and other components and raw materials; the Company’s business plan and the Company’s ability to effectively manage the Company’s growth and labor constraints; the Company’s ability to meet the covenants in the Company’s investment funds and debt facilities; factors impacting the home electrification and solar industry generally, and such other risks and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission from time to time. All forward-looking statements used herein are based on information available to us as of the date hereof, and we assume no obligation to update publicly these forward-looking statements for any reason, except as required by law.
Sunrun is building the future electric grid

Electricity is produced and consumed at the home with solar panels and rechargeable batteries, which are aggregated to send excess power back to the grid creating virtual power plants and retiring fossil fuel plants.

Old World

- Centralized control, single points of failure, expensive, polluting, limited consumer engagement in energy

New World

- A network of decentralized, decarbonized, democratized, affordable clean energy with consumers
Residential solar market is massive & underpenetrated

15% annual industry growth for the next 10-years leads to ~18% penetration of U.S. houses. Value proposition supports a much greater number.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Homes with Solar</th>
<th>% Penetration of 88m Addressable Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.2m</td>
<td>0.3%</td>
</tr>
<tr>
<td>Today</td>
<td>3.6m</td>
<td>~4.1%</td>
</tr>
<tr>
<td>2032E</td>
<td>16.8m</td>
<td>~18%</td>
</tr>
</tbody>
</table>

High penetration proven...

In markets where the value proposition was evident first, like Hawaii and California, penetration has reached 30% and 18%, respectively, and growth continues. 

---

(1) Today’s housing stock estimate is based on the U.S. Census 2021 American Community Survey by State using occupied single-unit housing using average state occupancy estimates. Number of homes with solar is based on EIA Form 861M Residential PV Customers (through November 2022). Estimated 2032 market penetration assumes housing units grow at 0.7% (Census data). Sunrun internal estimates for 2023 and beyond.

(2) State penetration data uses EIA Form 861M Residential PV Customers (through November 2022) and housing stock uses the US Census 2021 American Community Survey by State using occupied single-unit housing using average state occupancy estimates.
Sunrun is the #1 residential solar market leader\(^{(1)}\) with approximately 18% market share across the entire residential solar market, ~66% market share of subscriptions (‘TPO’ or solar leases & PPAs)

And yet remains <1% of total U.S. residential electricity market\(^{(2)}\)

![Bar chart showing Sunrun's market share compared to competitors]

\(1\) Wood Mackenzie Research, Sunrun’s Solar Energy Capacity Installed, SunPower’s reported SPES Residential MW Recognized pro forma for Blue Raven’s MW installed per Wood Mackenzie Research, and Sunnova’s reported MW Deployments. As of Q2 2022.

\(2\) Sunrun’s 2021 Network of Solar Energy Capacity at 14% utilization for illustrative purposes. 2020 Residential Retail Sales of Electricity kwh from EIA.

\(3\) EIA data on revenue from sales of electricity to residential customers.
Building the Sunrun network and becoming the chosen provider of energy

Positive Network Effects and Value Enhancing Additions Drive Growth and Increase Margin Opportunity

Growth drivers:
- Increasing retail utility rates
- Deteriorating grid reliability
- Declining solar and battery costs
- Climate change
- Home electrification
- Electric vehicle penetration
- Virtual power plants

Becoming the Preferred Clean Energy Provider

Sunrun integrates solar, storage, electrification and virtual power plants into a smart solution for each home and community.

The Beginnings
- Simple solar-only offerings
- 3% residential solar penetration in the U.S.
- Supplier fragmentation
- Customers benefit from subsidies
- No advanced product offering

Adoption of Technology

Time

Adoption of Technology
Utility rates to customers continue to rise

The cost of electricity has increased 3% per year on average from 2004 through 2020

Declining wholesale rates disguise the cost of capex

- In 2021, the major U.S. utilities spent over $125 billion in Capex, exceeding depreciation expense by 2.4x.
- More than 70% of America’s transmission lines and large power transformers are at least 25 years old, and utilities will need to spend an exorbitant $2.2 trillion on infrastructure upgrades during the next 20 years in order to keep our system up and running. These costs will ultimately be passed to consumers.
- The year-over-year inflation rate in electricity services was 10.7% in January 2022. In the fourth quarter of 2021, PG&E and ConEdison filed for rate increases of 18% and 11%, respectively, while Florida Power and Light was granted a 12% increase.
- With the expected capex trends and stagnant demand, even if wholesale prices fall to zero, retail rates will accelerate over the next ten years.
The grid is increasingly unreliable and battery storage is a solution

From devastating wildfires and forced outages in California to hurricanes and major storms across the East Coast, people are facing more outages every year.

**Power outages affect millions**

- In February 2021, an unprecedented cold blast in Texas plunged 3.3 million people into darkness in one of the largest forced blackouts in history.

- In August 2020, a heatwave and unexpected centralized fossil fuel power plant failures crippled California’s power grid, leading to rolling blackouts affecting 2 million people.

- In August 2020, nearly 14 million people across the East Coast lost power in Hurricane Isaias.

- In April 2020, 9.4 million people lost power in North Carolina, South Carolina, Texas and Alabama due to a major storm.

- In October 2019, PG&E shut off power to more than 3.4 million people in California to prevent their lines from sparking destructive wildfires.

Sunrun’s battery offering is a clean, reliable and long-term solution for blackouts. It can backup critical circuits and recharge when the sun shines, so customers can power through even multi-day power outages.

In many places, customers can get solar and storage for less than or equal to what they pay for electricity today.

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Solar and battery costs have declined

The costs of solar modules and batteries have declined significantly over the last ten years and market research predicts that these trends will continue.\(^{(1)}\)

Market researchers forecast the cost of installed solar panels will continue to decline long-term by 34% while the cost of batteries declines 64% over the next 10 years.\(^{(2)}\)

\(^{(1)}\) Historic solar costs represent costs of residential systems according to Wood Mackenzie Research Solar Market Insight reports (2012-2019) and the California Solar Statistics database (2010-2011); Historic battery cost estimates according to Wood Mackenzie “U.S. front-of-the-meter storage system price trends” (June 2020).

Carbon dioxide (CO2) emissions from fossil fuels for all energy needs are equal to about 75% of total U.S. anthropogenic GHG emissions. (1)

There is an urgent need to address climate change and the public is overwhelmingly supportive.

Americans are worried about the climate and half of all registered voters think climate change should be a high priority for Congress and the President.\(^{(1)}\)

---

**Traditional infrastructure is polluting**\(^{(2)}\)

- Currently 23 states and Washington D.C. have established economy wide greenhouse gas emissions targets.\(^{(3)}\)
- When we blanket all solar available rooftops with panels, we can serve almost half of America’s total electricity needs with clean energy.
- Our solar systems have prevented greenhouse gas (GHG) emissions totaling 11.2 million metric tons of carbon dioxide equivalent (CO2e).\(^{(4)}\)

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\(^{(3)}\) Center for Climate and Energy Solutions
\(^{(4)}\) Please see Sunrun’s 2021 Impact Report, available on the company’s Investor Relations website for more information, including information on the calculations and statistics referenced above.
Sunrun is the trusted provider for people to manage the transition to home electrification.

Sunrun’s High Performance Home Vision

- Full home electrification enables decarbonization and increases the need for a service provider.
- More fuel switching results in larger systems, which have high incremental returns to Sunrun.

1. Rooftop Solar Power
2. Batteries
3. Electric Vehicle Charger
4. Smart Circuits
5. Heat pump heating & cooling
6. Heat pump water heater
7. Smart thermostat
8. Induction cooktop
9. Smart bulbs
10. Smart plugs
Electric vehicle adoption increases energy demand and enhances the value of distributed generation

Electric vehicle energy needs expected to grow at an 18.4% CAGR as EVs reach >70% of new vehicle sales.\(^{(1)}\)

- More than 80% of EV owners say they would consider installing solar panels at their homes, or already have them.\(^{(2)}\)
- 30-40% of people who own EVs have installed rooftop solar.\(^{(3)}\)
- Most EV owners do more than 80% of their charging at home and need ~3 kW additional solar capacity.\(^{(3)}\)\(^{(4)}\)
- 870k battery electric vehicle sales projected in 2022, up 92% from 453k in 2021.\(^{(5)}\)

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5. Bloomberg New Energy Finance
Ford & Sunrun Partner on Intelligent Backup Power

- Sunrun is the preferred installer of Ford's Intelligent Backup Power system. The F-150 Lightning can serve as a reliable home backup energy source by dispatching power during an outage event. Customers will need to equip their home with the 80-amp Ford Charge Station Pro and Home Integration System to unlock bidirectional power flow and future energy management solutions.

- The Home Integration System, which was designed and developed by Ford and Sunrun, can be purchased exclusively through Sunrun. Customers have the option of combining Ford Charge Station Pro and/or Home Integration System installation with clean solar power by Sunrun.
Thousands of households in California and the Northeastern U.S. powered their home’s essential needs during grid outages for 7,500+ hours during the 2020 hurricane and wildfire season.

...and more Sunrun solar+battery customers powered through outages in Texas during February 2021
The Sunrun network can deliver virtual power plants to transition to a decentralized power grid

We have won 14 virtual power plant opportunities across the U.S. and have built a large pipeline of grid service revenue.

The traditional energy system is built to accommodate peak capacity, which is reached only a tiny fraction of the year.

9 GWs of system capacity is used less than 5% of the time.

Home solar and batteries are more flexible and efficient than traditional centralized infrastructure. Utilities spend more than $100 billion per year in capex and we believe $13 billion could be replaced by distributed resources.

Virtual Power Plants

Virtual Distribution Capacity

Virtual Transmission Capacity

Provides clean, cost effective peaking capacity.

Avoids substation overhauls by dropping excess load when needed locally.

Provides generation and reliability in congested areas where new transmission lines are difficult to build.

---

1 California ISO, Historical EMS Hourly Load for 2019
2 Utility capex Edison Electric Institute’s Wall Street Briefing published February 2020. Rocky Mountain Institute “The Economics of Demand Flexibility” published in August 2015 estimates $13 billion or more of spend could be met from flexible, distributed resources.
Investment Highlights

- Residential Solar Market Has Low Penetration, massive TAM
- Industry Leader With Meaningful Scale Advantages
- Climate Change Solution with A Strong Customer Value Proposition
- Recurring Revenue Model With Low Churn
- Inflection Point with Advanced Product Rollout
- High Top-Line Growth with Strong Customer Margins
- Margin Expansion Opportunity with Increased Scale & Network Density
- Ability to Cross Sell and Upsell to Existing Customers
- 15-year Track Record and Strong Management Team
Sunrun Overview

Who We Are

Formed in 2007, Sunrun pioneered residential solar service. We have 797,000 Customers and have sold our solar service in 22 states, DC & Puerto Rico. We provide a solar energy service with fixed pricing under 20- or 25-year agreements that generate recurring, contracted revenue for multiple decades with an experienced loss rate of ~1%. Sunrun has a leading customer acquisition platform, customer experience capabilities, and extensive financing experience, all of which drive significant barriers to entry and the opportunity for high incremental returns.

Our Mission

To create a planet run by the sun.

Our Compelling Value Proposition

VALUE TO CUSTOMERS

- The majority of customers save 5-45% in the first year. We have delivered more than $800 million in savings for our customers.
- Storage provides premium power, including backup capabilities to enable customers to power through storms.

VALUE TO SUNRUN

- Typically 20- or 25-year customer relationship which can be monetized beyond core solar energy product
- Typically 20- or 25-year value stream is financed upfront to fully cover creation costs and generate cash immediately

VALUE TO SOCIETY

- Residential solar is a cost-effective way to modernize the country’s infrastructure to make it more resilient, affordable and environmentally sustainable.
- Sunrun’s systems have prevented greenhouse-gas (GHG) emissions totaling 11.2 million metric tons of carbon dioxide equivalent (CO2e), an amount comparable to eliminating more than 28 billion passenger-vehicle miles.
- The solar industry employs ~255,000 workers in America and is estimated to be one of the fastest growing segments of the economy.

(1) Customers is rounded as of December 31, 2022.
(2) As of December 31, 2022 and excludes Vivint Solar. Losses include uncollected recurring billings 5 months after invoice date, write downs and appeasement credits.
(3) First year savings is based on 6 months trailing data as of September 30, 2020 for Sunrun’s Direct volume with a 2.5% escalator. Actual savings may vary by customer. Calculations exclude customers in Hawaii and Texas.
(4) For all systems installed through December 31, 2021, including solar systems initially installed by Vivint Solar.
Leading customer acquisition capabilities

Sunrun’s diverse proprietary customer acquisition channels drive reach advantages today and investments in brand and customer experience will augment advantages over time.

Channel Partners
Leverage tools and brand

Direct Marketing
Best in class direct to consumer

Direct to Home
Experts in consultative engagements

Strategic Partners
National brands & retailers such as Costco, Home Depot and Ford deliver broad reach

Referral Network
797,000 Sunrun Customers(1)

(1) Customers is rounded and is as of December 31, 2022.
Strong customer value proposition across the U.S.

Customer value propositions include utility bill savings, sustainability, peace of mind along with battery backup power and energy control with our storage product.

**SAVINGS**
The majority of customers save 5-45% in the first year\(^{(1)}\)

**SUSTAINABILITY**
Protect our planet

**BACKUP**
Protection against blackouts

**ENERGY CONTROL**
Use your energy when it's most valuable

**PEACE OF MIND**
World class install & 20- to 25-year no hassle service with predictable pricing

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Typical Sunrun Solar Service Agreement Characteristics\(^{(2)}\)

- **Price per unit of energy (KWhr):** ~$0.16
- **Solar System Size:** 7.3 KWs (7,300 watts DC)
- **Estimated Annual Solar Production:** ~9,600 KWhrs (~1,315 KWhrs per KW per year)
- **Annual escalator:** average of 2% with a range of 0% to 2.9%
- **Contract Duration:** typically 25 years
- **Solar Power Purchase Agreement (PPA)**
- **Production Guarantee & Warranty**
- **All Service Included**

---

**AVERAGE SAVINGS BY REGION FOR SOLAR OFFERING\(^{(3)}\)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Incumbent Utility Rate</th>
<th>Average Solar Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey</td>
<td>$0.18</td>
<td>~$0.14</td>
</tr>
<tr>
<td>California</td>
<td>$0.26</td>
<td>~$0.17</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$0.25</td>
<td>~$0.19</td>
</tr>
<tr>
<td>New York</td>
<td>$0.21</td>
<td>~$0.17</td>
</tr>
</tbody>
</table>

See Appendix for glossary of terms.

1. First year savings is based on 6 months trailing data as of September 30, 2020 for Sunrun’s Direct volume with a 2.5% escalator. Actual savings may vary by customer. Calculations exclude customers in Hawaii and Texas.
2. Represents average Lease and PPA customers in 2021, excluding pre-paid leases but includes 0%-2.9% escalator monthly payments, both solar and solar + battery customers. Excludes multi-family systems.
3. State average pricing per KWhr of electricity shown and represents average prices for installations during 2021 for Sunrun’s solar-only offering with standard 2.9% escalator in Sunrun’s direct business. Incumbent utility rates reflect data as of January 2022 from Genability by utility, where available, and are presented on a weighted-average basis.
Batteries enhance the customer value proposition

In addition to providing reliable backup energy, in some markets we can offer customers solar and storage for a total monthly cost less than their current utility bill.

**PRICING FOR A SUNRUN CUSTOMER IN SOUTHERN CALIFORNIA**

<table>
<thead>
<tr>
<th>Energy bill without solar and battery</th>
<th>Energy bill with solar and battery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Power: $258</td>
<td>Solar: $158</td>
</tr>
<tr>
<td>Total: $258 (per month)</td>
<td>Battery: $29</td>
</tr>
<tr>
<td></td>
<td>Utility Power: $12</td>
</tr>
<tr>
<td></td>
<td>Total: $200 (per month)</td>
</tr>
</tbody>
</table>

---

(1) Data is based on actual customer pricing in SDG&E territory in 2020 for a 7kw system with typical usage. Prices may vary by utility and region and may include an annual escalator.
Sunrun has invested in Lunar Energy to accelerate home electrification at scale

First product in ecosystem is an integrated home battery, inverter and software system

- **$300 million in funds raised:** Sunrun co-invested with SK Group (and affiliates) to form Lunar Energy in August 2020. Sunrun invested $75 million (including $10m of contributed services) in August 2020 and an additional $75 million in March 2022. Sunrun owns approximately 37% of Lunar Energy.

- **Next-generation offering:** Lunar Energy turns homeowners into active members of the energy economy by giving them the freedom to generate, store and control their own clean energy and share it with their communities. Lunar Energy expects to commercialize a next-generation integrated home battery, inverter and software system with advanced grid services capabilities, in the coming quarters.

- **Sunrun is a strategic partner:** In addition to being an investor in Lunar Energy, Sunrun has preferential access to the technology. Lunar Energy will make its offering available in the coming quarters and will serve the entire industry.

- **Advanced VPP capabilities:** Lunar Energy also acquired Moixa while in stealth mode. UK-based Moixa is the leading global software company for distributed energy resources (DER) management and it’s GridShare™ software is a core component of Lunar Energy’s integrated system. GridShare software is already deployed at scale across 35k homes (330MWh of batteries) via ITOCHU in Japan.

- **Experienced team:** Lunar Energy has built a team of nearly 250 employees globally, most of whom are a mix of hardware, firmware and software engineers designing and building energy products in its Mountain View, CA and London, UK offices. Kunal Girotra, CEO & Founder, previously led Tesla’s Energy business.

For more information, visit www.LunarEnergy.com
Sunrun is making an impact

Our approach is to benefit everyone: our customers, our employees, and the communities in which we operate, as well as our business and financial partners.

In 2021, Sunrun was recognized by Comparably for Best Company Culture, Best CEO, Best Company for Diversity, Best Company for Women, Best Company for Compensation & Best Company for Perks and Benefits. Fortune magazine named our CEO Lynn Jurich one of the 40 Under 40 in business in 2018.

As part of our commitment to being global citizens and doing business legally and ethically, we adopted our first ever Vendor Code of Conduct on January 1, 2019.

Sunrun supported GRID Alternatives, a non-profit serving low-income communities, in installing more than 4,800 home solar systems over the past few years. These installations are projected to save customers more than $123 million in energy costs over their lifetimes.

Sunrun announced a commitment to develop a minimum of 100 megawatts of solar on affordable multi-family housing, where 80% of tenants fall below 60% of the area median income, over the next decade in California. This will directly benefit 50,000 families.

Sunrun committed to and achieved 100% gender pay parity for its employees in 2018, becoming the first national solar company to do so.

Sunrun’s systems have prevented greenhouse gas (GHG) emissions totaling 11.2 million metric tons of carbon dioxide equivalent (CO2e), an amount comparable to eliminating more than 28 billion passenger vehicle miles or negating more than 2.2 million homes’ electricity use for a year.

The GHG emissions prevented by Sunrun’s systems through 2021 are also comparable to the emissions prevented by not burning 1.3 billion gallons of gasoline or 12.4 billion pounds of coal.

Please see Sunrun’s 2021 Impact Report, available on the company’s Investor Relations website for more information, including information on the calculations and statistics referenced above.
Sunrun is led by seasoned professionals with extensive industry experience
Expanding moat with technology capabilities

We have invested over $141 million in R&D\(^{(1)}\) to usher the change to a distributed energy system while building more entry barriers.

Sunrun leads the industry with advanced solar system design, monitoring, and customer engagement tools.

Sunrun is investing in advanced energy service capabilities and has obtained grants in addition to collaborating with National Grid.

Moat increasing with growing customer engagement in energy selection, advanced regulatory constructs (such as time-variable pricing), and energy storage integration.
Over 15-year operating history delivering consistent growth and value creation

**Systems Perform**
Sunrun provides performance guarantee for peace of mind

**Strong Customer Experience**
A+ Rating with the Better Business Bureau

**Customers Pay Their Bills**
~1% cumulative loss rate on billings

**Transferring Service Is Easy**
~100% service transfer Net Subscriber Value recovery rate

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**Notes:**

1. Data includes assets originated by Sunrun Inc. and its channel partners through December 31, 2022. Losses include uncollected recurring billings 5 months after invoice date, write downs, and appeasement credits.

2. As of December 31, 2022 and excludes Vivint Solar. Recovery percentage is equal to the (i) the sum of (a) the remaining customer agreement cash flows after the service transfer discounted at 6% and (b) prepayments received in connection with the service transfer, divided by (ii) the remaining customer agreement cash flows before the service transfer discounted at 6%. Based on analysis of completed service transfers for monthly customers; Recoveries >100% arise from prepayments.

3. Customers is rounded as of December 31, 2022.


Building blocks for value

Each Subscriber represents significant value with 20-30 years of expected cash flows

Total Value Generated of $456 million from 27,493 Subscriber Additions in 4Q22

Estimated Customer Payments in renewal period less estimated Operating & Maintenance costs (all discounted at 5% WACC)

Contracted Customer Payments, Upfront Rebates, Tax Equity less estimated Operating & Maintenance Costs (all discounted at 5% WACC)

4Q22 depicted; 4Q22 Average Subscriber System Size of 7.2 KWs

Significant Present Value of Cash Flows from Subscribers

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>4Q21</th>
<th>1Q22</th>
<th>2Q22</th>
<th>3Q22</th>
<th>4Q22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Earning Assets Contracted Period</td>
<td>$6,639</td>
<td>$7,040</td>
<td>$7,527</td>
<td>$8,160</td>
<td>$8,879</td>
</tr>
<tr>
<td>Gross Earning Assets Renewal Period</td>
<td>$3,033</td>
<td>$3,116</td>
<td>$3,236</td>
<td>$3,359</td>
<td>$3,547</td>
</tr>
<tr>
<td>Gross Earning Assets</td>
<td>$9,672</td>
<td>$10,155</td>
<td>$10,763</td>
<td>$11,518</td>
<td>$12,426</td>
</tr>
<tr>
<td>(-) Recourse Debt</td>
<td>($602)</td>
<td>($861)</td>
<td>($943)</td>
<td>($898)</td>
<td>($898)</td>
</tr>
<tr>
<td>(-) Non-Recourse Debt</td>
<td>($5,901)</td>
<td>($6,278)</td>
<td>($6,660)</td>
<td>($7,087)</td>
<td>($7,501)</td>
</tr>
<tr>
<td>(-) Pass-through financing obligation</td>
<td>($321)</td>
<td>($319)</td>
<td>($316)</td>
<td>($308)</td>
<td>($306)</td>
</tr>
<tr>
<td>(+) Pro-forma debt adj. for safe harboring facility</td>
<td>$3</td>
<td>$1</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>(+) Pro-forma debt adj. for debt within project equity funds</td>
<td>$901</td>
<td>$893</td>
<td>$892</td>
<td>$883</td>
<td>$877</td>
</tr>
<tr>
<td>(+) Total cash</td>
<td>$850</td>
<td>$863</td>
<td>$863</td>
<td>$956</td>
<td>$953</td>
</tr>
</tbody>
</table>

Net Earning Assets

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>4Q21</th>
<th>1Q22</th>
<th>2Q22</th>
<th>3Q22</th>
<th>4Q22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Earning Assets</td>
<td>$4,602</td>
<td>$4,454</td>
<td>$4,599</td>
<td>$5,064</td>
<td>$5,551</td>
</tr>
</tbody>
</table>

Estimated future cash flows from Subscribers through 4Q22, plus total cash and less all debt, represents $5.6 billion in present value.

Metrics reflect a 5% discount rate. We expect to update the discount rate assumption from 5% to 6%, commencing with Q1 2023 reporting. Pro-forma using a 6% discount rate, Net Earning Assets is approximately $4.2 billion as of 12/31/2022 and Net Subscriber Value would have been $12,958 in 4Q22.
Increasing customer value proposition and margin opportunity by expanding offering

<table>
<thead>
<tr>
<th></th>
<th>New Subscribers</th>
<th>Existing Subscribers Upsell Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Net Subscriber Value</strong></td>
<td>~$8,000+</td>
<td>NA</td>
</tr>
<tr>
<td>Grid services to build virtual power plants</td>
<td>+$2,000 or more</td>
<td>+$2,000 or more</td>
</tr>
<tr>
<td>Larger systems to support whole-home electrification and larger share of energy spend</td>
<td>+ $$$</td>
<td>+ $</td>
</tr>
<tr>
<td>Retail energy to provide single-bill offerings and best customer experience</td>
<td>+ $</td>
<td>+ $</td>
</tr>
<tr>
<td>Battery retrofits to add features to existing customers</td>
<td>NA</td>
<td>+ $$</td>
</tr>
<tr>
<td>Repowering existing systems + renewal opportunities</td>
<td>+ $$</td>
<td>+ $$</td>
</tr>
</tbody>
</table>

Initial Net Subscriber Values understate the ultimate value creation opportunities
Post-contract customer values & renewal assumptions embedded in metrics may be conservative

- **Advantaged compared to competitors:** The marginal cost of delivering energy during the renewal period will likely be lower than a new system (whether installed by us or a competitor). Further, units of electricity do not become obsolete, thus it is unlikely customers will feel compelled to upgrade to the “next version.”
- **No cross-selling / upselling / repowering assumed:** We have not included any other intangible benefits associated with the customer relationship such as expanded systems, batteries, or ancillary services such as electric vehicle charging systems. With increased electrification (including electric vehicles), it is likely consumers will want more electricity, not less, and Sunrun will be in a cost-advantaged position to provide this option.
- **Remaining asset value beyond renewal assumption:** Sunrun assumes only 5-years of renewals following a 25 year contract, or a 30 year total customer relationship, despite our solar assets’ useful lives extending 35 years or more, as determined by independent engineers.
- **Contracts auto-renew at a discount to utility rates, which may escalate much faster:** The renewal portion of our reported metrics assumes that 100% of Subscribers renew at 90% of the contractual PPA rate in effect at the end of the initial contract term. In reality, customer contracts are written to typically automatically renew at a rate equal to 90% of the prevailing utility rate. This means that, assuming utility rates escalate at a faster rate than our typical contract escalators, approximately ~50% of our customers could actually not renew and Sunrun would still effectively realize the renewal value presented in our reported metric.(1)
We raise non-recourse debt against **Contracted Subscriber Value**, allowing us to convert a significant portion of value to cash upfront while continuing to build our long-term stream of recurring cash flows.

Current advance rates are estimated to be approximately 75% to 85% as measured against Contracted Subscriber Value calculated using a 5% discount rate (or ~80% to 90% if using a 6% discount rate). Each 1% change in cost of capital results in approximately 4% change in cumulative advance rate.

See Appendix for glossary of terms.
Adapting to a higher interest rate environment

- Sunrun has increased pricing and adjusted go-to-market approaches multiple times throughout 2022 to respond to inflation and higher interest rates. Utility rate inflation exceeds 10% across the United States, providing us headroom to increase pricing while still delivering a strong customer value proposition.
- Higher cost of capital has reduced the amount of proceeds Sunrun can obtain upfront against the value of deployed systems, with advance rates declining from ~95-100% of the Contracted Subscriber Value (measured using a 5% WACC) at the beginning of the year to approximately ~75-85% in Q4, offset principally by price increases and the higher 30% Investment Tax Credit. Current advance rates are estimated to be approximately 75% to 85% as measured against Contracted Subscriber Value calculated using a 5% discount rate (or ~80% to 90% if using a 6% discount rate).
- Each 1% change in cost of capital results in approximately 4% change in cumulative advance rate.

### Subscriber Values

<table>
<thead>
<tr>
<th></th>
<th>(as reported using 5% Discount Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$37,004</td>
</tr>
<tr>
<td></td>
<td>$38,712</td>
</tr>
<tr>
<td></td>
<td>$43,446</td>
</tr>
<tr>
<td></td>
<td>$46,326</td>
</tr>
</tbody>
</table>

### Renewal Subscriber Value

- Cumulative Advance Rate: ~95-100%
- Proceeds Rared: ~$32,992
- Creation Cost: $(29,863)
- 1Q 2022

### Contracted Subscriber Value

- Cumulative Advance Rate: ~85-95%
- Proceeds Rared: ~$31,598
- Creation Cost: $(30,802)
- 2Q 2022

### Approximate Cumulative Advance Rate (1)

<table>
<thead>
<tr>
<th></th>
<th>(Advance Rate x Contracted Subscriber Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~95-100%</td>
<td>~$32,992</td>
</tr>
<tr>
<td>~85-95%</td>
<td>~$31,598</td>
</tr>
<tr>
<td>~75-85%</td>
<td>~$31,598</td>
</tr>
<tr>
<td>~75-85%</td>
<td>~$31,598</td>
</tr>
</tbody>
</table>

### Approximate Proceeds Raised (2)

<table>
<thead>
<tr>
<th></th>
<th>(Advance Rate x Contracted Subscriber Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~95-100%</td>
<td>~$32,992</td>
</tr>
<tr>
<td>~85-95%</td>
<td>~$31,598</td>
</tr>
<tr>
<td>~75-85%</td>
<td>~$31,598</td>
</tr>
<tr>
<td>~75-85%</td>
<td>~$31,598</td>
</tr>
</tbody>
</table>

### Creation Cost (3)

<table>
<thead>
<tr>
<th></th>
<th>($29,863)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~95-100%</td>
<td>($30,802)</td>
</tr>
<tr>
<td>~85-95%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
</tbody>
</table>

### Approximate Proceeds Raised

<table>
<thead>
<tr>
<th></th>
<th>($29,757)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~95-100%</td>
<td>($30,802)</td>
</tr>
<tr>
<td>~85-95%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
</tbody>
</table>

### Creation Cost

<table>
<thead>
<tr>
<th></th>
<th>($29,757)</th>
</tr>
</thead>
<tbody>
<tr>
<td>~95-100%</td>
<td>($30,802)</td>
</tr>
<tr>
<td>~85-95%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
<tr>
<td>~75-85%</td>
<td>($30,187)</td>
</tr>
</tbody>
</table>

A 1% increase in the discount rate to 6% reduces Subscriber Value by ~$3,600 but the advance rate increases as proceeds remain the same.

### Notes:

1. Cumulative Advance Rate is the sum of actual and anticipated proceeds from tax equity, state rebates & incentives, customer prepayments and non-recourse debt raised against assets in period divided by Contracted Subscriber Value.
2. Approximate proceeds raised is presented at the midpoint of presented Cumulative Advance Rate range.
3. Note that Creation Cost excludes certain costs, including stock based compensation (SBC) and R&D expenses (~$18.2 million in 2022 excl. SBC), and does not reflect traditional working capital items (e.g. inventory, receivables etc.).
Industry leading financing execution

We have a strong track record of attracting low-cost capital from diverse sources.

Our access to capital markets puts us in a position to offer more advantageous financing options to consumers while creating long term value for investors.

We have set new records for capital cost and advance rates, demonstrating that the market and ratings agencies increasingly recognize both the high quality of residential solar assets as well as our industry leading performance.

We’ve raised financing for

>$20B

in cumulative value of solar energy systems across dozens of investment funds. (1)

Note: Represents yield for A/A- rated notes of DG solar TPO and loan providers.
(2) Illustrative yield of A/A- rated equivalency.
Outlook

Management is focused on leading the market through sustainable and profitable growth, prioritizing unit cash generation capabilities, while prudently managing working capital needs.

**GROWTH IN SOLAR ENERGY CAPACITY INSTALLED** expected to be in a range of **10% TO 15%** for the full year 2023.

Management currently sees more upside opportunity than downside risk to achieving growth in this range and anticipates considerable market share gains in 2023.

**SOLAR ENERGY CAPACITY INSTALLED** expected to be in a range of **215 TO 225 MW** in Q1.

**NET SUBSCRIBER VALUE** is expected to be **APPROXIMATELY $10,000 AT A 6% DISCOUNT RATE (OR OVER $13,000 AT A 5% DISCOUNT RATE)** in Q1, and to **INCREASE SEQUENTIALLY THROUGHOUT 2023**.

Management expects to update the discount rate assumption used to calculate Subscriber Value and therefore Net Subscriber Value from 5% to 6%, commencing with Q1 2023 reporting. As such, guidance is being provided assuming a 6% discount rate.

Note: Guidance provided on February 22, 2023 in the 4Q 2022 earnings release. The company assumes no obligation to update such guidance and the guidance is effective only as of February 22, 2023, not the date of this presentation.
Appendix
### GAAP Income Statement

<table>
<thead>
<tr>
<th>Consolidated GAAP Income Statement ($ in millions)</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer agreements</td>
<td>345</td>
<td>433</td>
<td>725</td>
<td>872</td>
</tr>
<tr>
<td>Incentives</td>
<td>42</td>
<td>52</td>
<td>101</td>
<td>111</td>
</tr>
<tr>
<td>Customer agreements and incentives</td>
<td>388</td>
<td>484</td>
<td>827</td>
<td>983</td>
</tr>
<tr>
<td>Solar energy systems</td>
<td>283</td>
<td>270</td>
<td>471</td>
<td>914</td>
</tr>
<tr>
<td>Products</td>
<td>187</td>
<td>168</td>
<td>312</td>
<td>424</td>
</tr>
<tr>
<td>Solar energy systems and product sales</td>
<td>471</td>
<td>438</td>
<td>783</td>
<td>1,338</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>859</td>
<td>922</td>
<td>1,610</td>
<td>2,321</td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of customer agreements and incentives</td>
<td>280</td>
<td>386</td>
<td>699</td>
<td>844</td>
</tr>
<tr>
<td>Cost of solar energy systems and product sales</td>
<td>365</td>
<td>358</td>
<td>666</td>
<td>1,179</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>275</td>
<td>352</td>
<td>623</td>
<td>745</td>
</tr>
<tr>
<td>Research and development</td>
<td>24</td>
<td>20</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>General and administrative</td>
<td>125</td>
<td>267</td>
<td>259</td>
<td>189</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,074</td>
<td>1,387</td>
<td>2,276</td>
<td>2,984</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>174</td>
<td>231</td>
<td>328</td>
<td>446</td>
</tr>
<tr>
<td>Other expenses (income), net</td>
<td>9</td>
<td>(8)</td>
<td>(23)</td>
<td>(281)</td>
</tr>
<tr>
<td>Loss before income taxes</td>
<td>(399)</td>
<td>(688)</td>
<td>(971)</td>
<td>(847)</td>
</tr>
<tr>
<td>Income tax (benefit) expense</td>
<td>(8)</td>
<td>(61)</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Net loss</td>
<td>(391)</td>
<td>(627)</td>
<td>(981)</td>
<td>(850)</td>
</tr>
<tr>
<td>Net loss attributable to NCI and non redeemable NCI</td>
<td>(417)</td>
<td>(454)</td>
<td>(901)</td>
<td>(1,023)</td>
</tr>
<tr>
<td><strong>Net income (loss) attributable to common stockholders</strong></td>
<td>26</td>
<td>(173)</td>
<td>(79)</td>
<td>173</td>
</tr>
<tr>
<td><strong>EPS, diluted</strong></td>
<td>$ 0.21</td>
<td>($1.24)</td>
<td>($0.39)</td>
<td>$ 0.80</td>
</tr>
<tr>
<td>Wt avg basic shares</td>
<td>116</td>
<td>140</td>
<td>205</td>
<td>211</td>
</tr>
<tr>
<td>Wt avg diluted shares</td>
<td>124</td>
<td>140</td>
<td>205</td>
<td>219</td>
</tr>
</tbody>
</table>

Customer Agreements and Incentive Revenue is comprised of ongoing revenue from customers under long-term agreements, amortization of prepaid systems, and incentive revenue. The value of the Investment Tax Credits (ITC) are recognized as Incentive revenue, when monetized using a pass-through financing structure.

The majority of Customer Agreements and Incentives COGS is depreciation (~$451m total depreciation & amortization in 2022). This also includes operating & maintenance costs and non-capitalized costs associated with installation-related activities.

A large portion of our Sales & Marketing spend is expensed in period, while it relates to customers with ~20 or ~25 years of contracted revenue.

The Loss Attributable to Non-Controlling Interests is primarily driven by our monetization of the Investment Tax Credit (ITC) with our Tax Equity partners with partnership flip structures. Assume a tax investor contributes about ~$1.8 per watt in cash and then immediately receives back a tax credit worth $1.3 per watt. After receipt of the tax credit, the investor's remaining non-controlling interest in Sunrun's solar facility is now only $0.5 per watt, which is repaid over about 6 years through cash distributions and depreciation deductions. Like the elimination of a liability, the reduction in the tax investor’s non-controlling interest from ~$1.8 per watt to ~$0.5 per watt is income to Sunrun common shareholders. Because Sunrun received this $1.3 per watt in cash through a partnership, this income is accounted for under GAAP using the hypothetical liquidation at book value (HLBV) method as a “loss attributable to non-controlling interests,” rather than revenue.
### GAAP Balance Sheet

#### Consolidated GAAP Balance Sheet ($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$270</td>
<td>$520</td>
<td>$618</td>
<td>$741</td>
</tr>
<tr>
<td>Restricted cash (current and long term)</td>
<td>94</td>
<td>188</td>
<td>233</td>
<td>213</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>78</td>
<td>95</td>
<td>146</td>
<td>214</td>
</tr>
<tr>
<td>Inventories</td>
<td>261</td>
<td>283</td>
<td>507</td>
<td>784</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>32</td>
<td>51</td>
<td>45</td>
<td>147</td>
</tr>
<tr>
<td>Solar energy systems, net</td>
<td>4,493</td>
<td>8,203</td>
<td>9,460</td>
<td>10,988</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>57</td>
<td>62</td>
<td>57</td>
<td>67</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>20</td>
<td>18</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Goodwill</td>
<td>95</td>
<td>4,280</td>
<td>4,280</td>
<td>4,280</td>
</tr>
<tr>
<td>Other assets</td>
<td>408</td>
<td>682</td>
<td>1,126</td>
<td>1,828</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>5,806</strong></td>
<td><strong>14,383</strong></td>
<td><strong>16,483</strong></td>
<td><strong>19,269</strong></td>
</tr>
</tbody>
</table>

| Accounts payable, accrued expenses and other liabilities | 372 | 533 | 652 | 746 |
| Other current liabilities | 16 | 29 | 32 | 32 |
| Deferred revenue (current and long-term) | 729 | 799 | 874 | 1,096 |
| Deferred grants (current and long-term) | 227 | 222 | 215 | 209 |
| Finance lease obligation (current and long-term) | 23 | 24 | 22 | 29 |
| Non-recourse debt (current and long-term) | 2,015 | 4,565 | 5,901 | 7,501 |
| Recourse debt & convertible notes (current and long-term) | 239 | 231 | 602 | 898 |
| Pass-through financing obligation (current and long-term) | 339 | 340 | 321 | 306 |
| Other liabilities | 141 | 269 | 190 | 140 |
| Deferred tax liabilities | 66 | 82 | 102 | 133 |
| **Total liabilities** | **4,168** | **7,094** | **8,911** | **11,090** |

| Redeemable noncontrolling interests in subsidiaries | 307 | 560 | 595 | 610 |
| Stockholders’ equity | 965 | 6,078 | 6,255 | 6,708 |
| Noncontrolling interests in subsidiaries | 367 | 651 | 723 | 861 |
| **Total liabilities and shareholders’ equity** | **5,806** | **14,383** | **16,483** | **19,269** |

Deferred revenue is primarily Customer Prepayments which are recognized over the life of the contract, typically 20 or 25 years ($819.3 million balance of Payments Received Under Customer Agreements at the end of 2022).

$7.5 billion of our debt is non-recourse project debt and solely secured by the solar assets.

$306 million of pass-through financing obligations represent obligations to investors who receive the Investment Tax Credit (ITC) and a portion of cash flows from funds predominantly under an inverted lease structure.

Non-controlling interests represent our Tax Equity (under partnership flip structures) and Project Equity investors’ interests in our funds (such as National Grid’s interests).

See Appendix for glossary of terms.
## GAAP Cash Flow Statement

<table>
<thead>
<tr>
<th>Operating Activities</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(391)</td>
<td>(327)</td>
<td>(981)</td>
<td>(850)</td>
</tr>
<tr>
<td>Depreciation and amortization, net of amortization of deferred grants</td>
<td>187</td>
<td>243</td>
<td>388</td>
<td>451</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>(8)</td>
<td>(61)</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Stock-based compensation expense</td>
<td>26</td>
<td>171</td>
<td>211</td>
<td>111</td>
</tr>
<tr>
<td>Bonus liability converted to RSUs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest on pass-through financing obligations</td>
<td>24</td>
<td>23</td>
<td>21</td>
<td>20</td>
</tr>
<tr>
<td>Reduction in pass-through financing obligations</td>
<td>(39)</td>
<td>(39)</td>
<td>(42)</td>
<td>(41)</td>
</tr>
<tr>
<td>Other noncash losses and expenses</td>
<td>26</td>
<td>51</td>
<td>81</td>
<td>54</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities</td>
<td>(30)</td>
<td>(78)</td>
<td>(485)</td>
<td>(411)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td><strong>(204)</strong></td>
<td><strong>(318)</strong></td>
<td><strong>(817)</strong></td>
<td><strong>(849)</strong></td>
</tr>
</tbody>
</table>

| Investing activities: | |
|----------------------||
| Payments for the costs of solar energy systems | (815) | (967) | (1,678) | (1,993) |
| Acquisitions of businesses, net of cash acquired | (3) | 537 | - | - |
| Purchases of Equity Method | - | (65) | - | (75) |
| Purchases of property and equipment | (25) | (3) | (9) | (18) |
| **Net cash used in investing activities** | **(843)** | **(498)** | **(1,686)** | **(2,086)** |

| Financing activities: | |
|----------------------||
| Proceeds from grants and state tax credits | 2 | 6 | - | - |
| Proceeds from recourse debt | 185 | 183 | 1,110 | 1,165 |
| Repayment of recourse debt | (193) | (192) | (758) | (871) |
| Proceeds from non-recourse debt | 1,182 | 751 | 2,187 | 3,429 |
| Repayment of non-recourse debt | (671) | (369) | (866) | (1,799) |
| Payment of debt fees | (29) | (14) | (54) | (93) |
| Proceeds from pass-through and other financing obligations | 9 | 9 | 10 | 4 |
| Repayment of pass-through and other obligations | (8) | - | (18) | - |
| Payment of finance lease obligations | (14) | (11) | (12) | (14) |
| Contributions received from NCI and redeemable NCI | 712 | 818 | 1,239 | 1,415 |
| Distributions paid to NCI and redeemable NCI | (77) | (111) | (196) | (218) |
| Acquisition of non-controlling interests | (5) | (3) | (42) | (43) |
| Proceeds from exercises of stock options | 16 | 49 | 36 | 33 |
| Repurchase of common stock | (5) | - | - | - |
| Proceeds from shares issued in connection with a subscription agreement | - | 76 | - | - |
| **Net cash provided by financing activities** | **1,107** | **1,161** | **2,646** | **3,037** |

Cash Flow From Operations is negative as 25-30% of our Creation Costs are expensed in the period, while revenue is recognized over 80 periods or more. Additionally, we raise Debt and Project Equity to fund our growth, which covers CFO and CFI.

Approximately 70-75% of our Creation Costs are capitalized, the rest are expensed in-period on our income statement.

We raise non-recourse project debt on assets, which is serviced by cash flows from contracted customer payments.

Proceeds from pass-through and other financing obligations primarily represents Tax Equity investors in inverted lease structures, where the investor receives the Investment Tax Credit (ITC), certain depreciation attributes, and a share of cash flows. Following adoption of ASC 606 in 2018, proceeds received related to ITC revenues are treated as operating cash flows.

Proceeds from NCI represent investments from (1) Tax Equity investors in partnership flip funds, where they receive the Investment Tax Credit, certain depreciation attributes, and a share of cash flows, along with (2) Project Equity investors such as National Grid, which receive a share of cash flows from the funds. In 2022, proceeds from NCI and proceeds from pass-through and other financial obligations averaged ~$1.98 per watt.

See Appendix for glossary of terms.
Inflation Reduction Act provides over a decade of policy visibility to support energy transition

Federal Investment Tax Credit enhanced and extended

- The Inflation Reduction Act (IRA) passed Congress and was signed into law by President Biden in August 2022. The IRA enhances and extends the base investment tax credit for solar projects owned by commercial entities such as Sunrun under Section 48 through 2024 and the residential clean energy credit for homeowners under Section 25D through 2034. Beginning in 2025 and through 2035, commercial entities such as Sunrun may claim a technology-neutral “clean electricity investment credit” under new Section 48E (together with the Section 48 credit, “ITC”).

- Under Sections 48 and 48E, the base ITC is set at 30% for projects beginning construction 2022-2033 before stepping down to 22.5% in 2034 and 15% in 2035. Under Section 25D, the residential clean energy credit is 30% for projects placed in service through 2032 before stepping down to 26% in 2033 and 22% in 2034. The Act also includes three categories of potential “adders” which can be stacked on top of the base Section 48/48E ITC for a portion of our business. These potential adders include: 1) 10% for installations located in designated “Energy Communities” 2) 10% for meeting minimum Domestic Content requirements and 3) an “allocated” adder for projects located in low-income communities. This adder could be 10% for certain projects located in low-income communities or on Indian land, or 20% for qualified low-income residential building projects or economic benefit projects. Additional guidance from Treasury is expected sometime in early or mid-2023 which will provide details necessary to qualify for certain adders. These adders are only available to Commercial entities claiming tax credits under Sections 48 and 48E, not homeowners claiming residential clean energy credits under Section 25D, and as such should drive market share towards solar-as-a-service beginning in 2023.

- Beyond extending the ITC, the IRA also provides numerous tangential benefits which will further strengthen the residential solar industry and support America’s transition to clean energy. These include: Efficiency and electrification rebates, production tax credits (PTCs), manufacturing credits, the inclusion of commercial energy storage under Section 48 and residential energy storage under Section 25D, and ITC transferability provisions.

(1) Systems under 1 MW in size (i.e., all residential systems) have a base ITC at 30% as they are not subject to prevailing wage and other requirements.

The above chart is for illustrative purposes only as final Treasury Department guidelines may not permit mixing or stacking of certain potential adders.
Utility rates forecasted to rise while our costs fall

Incumbent Utility Rates Forecasted to Increase by a 3.6% CAGR over the next decade (a 42% absolute increase)

In a June 2018 study\(^{(1)}\) conducted by PA Consulting, the residential utility rates in Sunrun’s 10 largest markets\(^{(2)}\) are expected to increase at a 3.6% CAGR over the next 10 years. PA Consulting analyzed historical financial data to develop a separate revenue requirement for generation, transmission, distribution, and general customer costs. The calculated components of the revenue requirement were translated into average rates per kWh. PA Consulting has advised on the purchase, sale, financing, and valuation of over $130 billion in energy infrastructure assets and electric utilities since 2011.

Utility rates have increased at a 3% CAGR over the last 15 years. The Edison Electric Institute estimates that utilities need to spend as much as $2 trillion on energy infrastructure between 2010 and 2030. Yet with demand for electricity remaining flat since 2010, this means more cost spread over the same amount of power, and painful monthly cost increases to everybody who pays a power bill. In 2021, the major U.S. utilities spent over $125 billion in Capex, exceeding depreciation expense by 2.4x.

PROVEN COST REDUCTION
Average cost reduction of 6% from 2015-2019

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Creation Costs(^{(3)})</td>
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DRIVERS OF CONTINUED COST REDUCTION

- **HARDWARE**
  - (Technology & materials)
  - Modules, inverters and batteries largely follow a technology cost curve given increasing semiconductor efficiency and scaled manufacturing

- **SOFT COSTS**
  - (Installation labor, Sales, Permitting)
  - Sales: Function of customer value, increased sales effectiveness, broader consumer category awareness & referral base, cycle time reduction
  - *Installation & permitting*: Efficiency enabled by operational efficiency, streamlining permitting, cycle time reduction

- **OVERHEAD**
  - Corporate overhead (mainly G&A) benefits from fixed cost absorption as we grow in scale

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\(^{(1)}\) The referenced study was conducted by PA Consulting Group in June 2018 at the request of Sunrun. The study should not be construed as investment advice or an inducement to make an investment. The study is based upon predictions and estimates of future events and behavior, and is not a promise or guarantee as to the occurrence of these events and behavior. Your use of the information from the study is at your sole risk and discretion.

\(^{(2)}\) 10 largest markets determined using Sunrun’s 2017 MW Deployments.

\(^{(3)}\) Please see our Investor Relations website for details regarding the calculation of Creation Costs for each relevant period. Note that in Q4 2020, Sunrun modified the method used to calculate Creation Costs and the period from 2015-2019 reflects Creation Costs under the previously reported method, not the current definition.
Residential solar market size is massive and underpenetrated today

Residential Solar is ~4% of the market today

- 88 million U.S. single family homes today\(^{(1)}\)
- 3.6 million residential solar customers across the industry\(^{(2)}\)
- 467,000 solar customers added in 2021\(^{(2)}\)

The penetration rate declines at current levels as ~900k homes are built annually in the U.S.\(^{(3)}\)

In May 2018, The California Energy Commission passed rules that effectively mandate that new homes have solar panels starting in 2020. California builds approximately 110,000 new homes annually. For context, there were approximately 180,000 new residential solar customers added in California during 2021.\(^{(2)}\)

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\(^{(1)}\) Housing stock estimate is based on US Census 2021 American Community Survey Estimates by State using occupied single-unit housing using average state occupancy estimates.  
\(^{(2)}\) EIA Form 861M Residential PV Customers (through November 2022)  
Modeling residential solar – key drivers of project cash flows: sun, utility rates, site specifics, costs

The economics of a system are driven by how much energy the solar system produces (a function of the site conditions and sunshine), how much Sunrun charges for the energy (which is driven by the prevailing utility rates and local incentives which vary significantly across the country), and the cost to build systems, which also varies by location.

A unit of energy we bill for is called a kilowatt hour, which is 1000 watts of power for 1 hour, abbreviated KWhr. We typically offer Power Purchase Agreements (PPAs) or Leases which stipulate the effective rate we charge per KWhr of energy the solar system produces.

The amount of energy a solar system produces varies by how much sunshine the area receives, the angle of the panels on the roof, and any nearby obstructions which may cause shading. The productivity of a system is measured in Capacity Utilization Factor (%) or colloquially as “Sunhours per year”, both of which measure the amount of time a system is fully productive, on average, throughout a year. We present these utilization metrics in terms of Alternating Current (AC), which is the type of power homeowners consume and already considers the transition of the energy from Direct Current (DC) to AC through an inverter.

The unlevered returns we generate are a function of (1) the PPA price, which is typically initially set at a discount to prevailing utility power prices, (2) the upfront cost to construct the system, including module, inverter, racking, installation labor, permitting and sales expense, which can vary by region, (3) the amount of energy the system produces, which is a function of the geographic location and associated sunshine, along with site-specific factors such as roof angles and nearby shading.

For example, a 7 kilowatts sized system (7,000 watts of capacity) could produce about 10,500 KWhrs in Northern California, based on Sunhours of ~1,500/yr (a Capacity Utilization Factor of 17%).

### SUN RESOURCE VARIES  (Average Sunhours)

Source: ACORE, 2017 Outlook on Renewable Energy in America

### INCUMBENT POWER PRICES VARY

Price per KWhr, State Average Price Presented
Note: Rates also vary within the same state by utility and customer tariff

Strong service transfer performance

When customers move or their service is otherwise transferred to a new homeowner, Sunrun has maintained ~100% of expected contract value.

Zillow conducted a study in 2019 and found that solar increases the average sales price of a home(1).

COMPLETED SERVICE TRANSFERS & NET SUBSCRIBER VALUE RECOVERY BY YEAR (Legacy Sunrun data only)

Transfer Reason | Transfers | Net Subscriber Value Recovery(2)
--- | --- | ---
Normal Sale | 55,473 | 100.3%
Short Sale | 1,261 | 99.7%
Death | 6,093 | 100.2%
Divorce | 991 | 100.1%
Foreclosure | 363 | 94.0%
Bankruptcy | 26 | 82.3%
Total | 64,207 | 100.3%

Data includes transfers related to Vivint Solar systems after 12/31/2021. Prior to this date, Vivint Solar completed an additional 35,553 services transfers with an average NPV recovery rate of 99%.

(1) https://www.zillow.com/research/solar-panels-house-sell-more-23798/
(2) Sunrun fleet-wide data as of December 31, 2022 for customer agreements with monthly payments only. The sum of the percentage columns and the balance columns may not equal 100.0% or the total, as applicable, due to rounding. Excludes new home transfers, transfers that occurred prior to PTO and prepaid contracts. Includes completed service transfers with a reduction to the PPA or lease rate, and with a recovery rate less than 100%. Recovery percentage is equal to the (i) the sum of (a) the remaining customer agreement cash flows after the service transfer discounted at 6% and (b) prepayments received in connection with the service transfer, divided by (ii) the remaining customer agreement cash flows before the service transfer discounted at 5%.
Glossary

Deployments represent solar energy systems, whether sold directly to customers or subject to executed Customer Agreements (i) for which we have confirmation that the systems are installed on the roof, subject to final inspection, (ii) in the case of certain system installations by our partners, for which we have accrued at least 80% of the expected project cost (inclusive of acquisitions of installed systems), or (iii) for multi-family and any other systems that have reached our internal milestone signaling construction can commence following design completion, measured on the percentage of the system that has been completed based on expected system cost.

Customer Agreements refer to, collectively, solar power purchase agreements and solar leases.

Subscriber Additions represent the number of Deployments in the period that are subject to executed Customer Agreements.

Customer Additions represent the number of Deployments in the period.

Solar Energy Capacity Installed represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period.

Solar Energy Capacity Installed for Subscribers represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period that are subject to executed Customer Agreements.

Creation Cost represents the sum of certain operating expenses and capital expenditures incurred divided by applicable Customer Additions and Subscriber Additions in the period. Creation Cost is comprised of (i) installation costs, which includes the increase in gross solar energy system assets and the cost of customer agreement revenue, excluding depreciation expense of fixed solar assets, and operating and maintenance expenses associated with existing Subscribers, plus (ii) sales and marketing costs, including increases to the gross capitalized costs to obtain contracts, net of the amortization expense of the costs to obtain contracts, plus (iii) general and administrative costs, and less (iv) the gross profit derived from selling systems to customers under sale agreements and Sunrun’s product distribution and lead generation businesses. Creation Cost excludes stock based compensation, amortization of intangibles, and research and development expenses, along with other items the company deems to be non-recurring or extraordinary in nature. The gross margin derived from solar energy systems and product sales is included as an offset to Creation Cost since these sales are ancillary to the overall business model and lowers our overall cost of business. The sales, marketing, general and administrative costs in Creation Costs is inclusive of sales, marketing, general and administrative activities related to the entire business, including solar energy system and product sales. As such, by including the gross margin on solar energy system and product sales as a contra cost, the value of all activities of the Company’s segment are represented in the Net Subscriber Value.

Subscriber Value represents the per subscriber value of upfront and future cash flows (discounted at 5%) from Subscriber Additions in the period, including expected payments from customers as set forth in Customer Agreements, net proceeds from tax equity finance partners, payments from utility incentive and state rebate programs, contracted net grid service program cash flows, projected future cash flows from solar energy renewable energy credit sales, less estimated operating and maintenance costs to service the systems and replace equipment, consistent with estimates by independent engineers, over the initial term of the Customer Agreements and estimated renewal period. For Customer Agreements with 25 year initial contract terms, a 5 year renewal period is assumed. For a 20 year initial contract term, a 10 year renewal period is assumed. In all instances, we assume a 30-year customer relationship, although the customer may renew for additional years, or purchase the system.

Net Subscriber Value represents Subscriber Value less Creation Cost.

Total Value Generated represents Net Subscriber Value multiplied by Subscriber Additions.

Customers represent the cumulative number of Deployments, from the company’s inception through the measurement date.

Subscribers represent the cumulative number of Customer Agreements for systems that have been recognized as Deployments through the measurement date.

Networked Solar Energy Capacity represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company’s inception through the measurement date.

Networked Solar Energy Capacity for Subscribers represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company’s inception through the measurement date, that have been subject to executed Customer Agreements.

Gross Earning Assets is calculated as Gross Earning Assets Contracted Period plus Gross Earning Assets Renewal Period.

Gross Earning Assets Contracted Period represents the present value of the remaining net cash flows (discounted at 5%) during the initial term of our Customer Agreements as of the measurement date. It is calculated as the present value of cash flows (discounted at 5%) that we would receive from Subscribers in future periods as set forth in Customer Agreements, after deducting expected operating and maintenance costs, equipment replacements costs, distributions to tax equity partners in consolidated joint venture partnership flip structures, and distributions to project equity investors. We include cash flows we expect to receive in future periods from state incentive and rebate programs, contracted sales of solar renewable energy credits, and awarded net cash flows from grid service programs with utilities or grid operators.

Gross Earning Assets Renewal Period is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term but before the 30th anniversary of the system’s activation (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for Subscribers as of the measurement date. We calculate the Gross Earning Assets Renewal Period amount at the expiration of the initial contract term assuming either a system purchase or a renewal, forecasting only a 30-year customer relationship (although the customer may renew for additional years, or purchase the system), at a contract rate equal to 90% of the customer’s contractual rate in effect at the end of the initial contract term. After the initial contract term, our Customer Agreements typically automatically renew on an annual basis and the rate is initially set at up to a 10% discount to then-prevailing utility power prices.

Net Earning Assets represents Gross Earning Assets, plus total cash, less adjusted debt and less pass-through financing obligations, as of the same measurement date. Debt is adjusted to exclude a pro-rata share of non-recourse debt associated with funds with project equity structures along with debt associated with the company’s ITC safe harboring facility. Because estimated cash distributions to our project equity partners are deducted from Gross Earning Assets, a proportional share of the corresponding project level non-recourse debt is deducted from Net Earning Assets, as such debt would be serviced from cash flows already excluded from Gross Earning Assets.

Annual Recurring Revenue represents revenue arising from Customer Agreements over the following twelve months for Subscribers that have met initial revenue recognition criteria as of the measurement date.

Average Contract Life Remaining represents the average number of years remaining in the initial term of Customer Agreements for Subscribers that have met revenue recognition criteria as of the measurement date.

Households Served in Low-Income Multifamily Properties represent the number of individual rental units served in low-income multi-family properties from shared solar energy systems deployed by Sunrun. Households are counted when the solar energy system has interconnected with the grid, which may differ from Deployment recognition criteria.

Positive Environmental Impact from Customers represents the estimated reduction in carbon emissions as a result of energy produced from our Networked Solar Energy Capacity over the trailing twelve months. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency’s AVERT tool. The figure is calculated using the most recent published tool from the EPA, using the current-year avoided emission factor for distributed resources on a state by state basis. The environmental impact is estimated based on the system, regardless of whether or not Sunrun continues to own the system or any associated renewable energy credits.

Positive Expected Lifetime Environmental Impact from Customer Additions represents the estimated reduction in carbon emissions over thirty years as a result of energy produced from solar energy systems that were recognized as Deployments in the period. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency’s AVERT tool. The figure is calculated using the most recent published tool from the EPA, using the current-year avoided emission factor for distributed resources on a state by state basis, leveraging our estimated production figures for such systems, which degrade over time, and is extrapolated for 30 years. The environmental impact is estimated based on the system, regardless of whether or not Sunrun continues to own the system or any associated renewable energy credits.