Sunrun Sets Record Straight Regarding Deceptive Short-Seller "Report"

Statement Issued August 2, 2022

Sunrun (Nasdaq: RUN), the nation's leading provider of residential solar, battery storage and energy services, today sets the record straight in a detailed response to a deceptive report issued by short-seller Muddy Waters on July 28, 2022.

Sunrun is a respected leader in making solar energy accessible to consumers across the country. With a 15-year track record, including seven years as a publicly traded company, Sunrun stands by its independently audited financial statements, risk disclosures, and information provided to investors, regulators, and taxing authorities. Sunrun is committed to operating with the highest integrity, and utilizes industry-standard financing vehicles.

Muddy Waters attempts to mislead their readers with grossly false and inaccurate assertions in a brazenly self-serving effort to mitigate recent losses in their short position at the expense of Sunrun's existing investors. We address Muddy Waters' report in detail below, but it's important to highlight the following two core points:

1. **Tax Matters:** The independent appraisers who value Sunrun solar systems do so consistent with industry best practice and with actual valuation expertise. Muddy Waters acknowledges they haven't even reviewed a single such Company appraisal.[(1)] The premise of Muddy Water's argument is that claiming tax credits based on fair market value is inappropriate under IRS Section 25D. However, like all companies, Sunrun and its affiliates claim credits under Section 48. Only individuals claim tax credits under Section 25D, the rules for which differ greatly from Section 48. Among other uniformed and misleading assertions, they overstate the profit margins embedded in the replacement cost valuation, and they ignore decades of regulatory and tax court precedents which directly contradict their false assertions about tax law.
2. **Customer Values:** Riddled with faulty assumptions, and with no evidentiary support, Muddy Waters has it wrong as it relates to multiple assertions related to our Subscriber Value and Gross Earning Assets metrics. The Company includes conservative renewal value estimates for automatically renewing customer agreements, similar to the realities of any customer subscription business, and conservatively does not include any intangible customer relationship value. The Company also conservatively includes O&M cost estimates of $22 per kW on average in addition to substantial funds for battery and inverter replacements, exceeding even what Muddy Waters claims would be reasonable.

"Muddy Waters has its 'facts' wrong. For over 10 years, our investors, lenders and independent authorities have closely diligenced our tax and valuation procedures, which Muddy Waters incorrectly describes," **said Mary Powell, Sunrun's CEO and Director.** "Sunrun works hard to educate all of our stakeholders, and we appreciate that our investors have spent the time to understand renewable energy financing structures. Since the issuance of Muddy Water's report five days ago, Sunrun's stock has increased 27% and outperformed direct residential solar peers, the broader solar sector, and the overall stock market."

We review the report in detail below:

Setting the Record Straight on How Tax Credits Work for Renewable Energy

Muddy Waters' report is a mix of incorrect, uninformed conclusions about tax law and false statements about the Company's practices.

Muddy Waters cites inapplicable sections of the tax code

Muddy Waters cites IRS Code Section 25D to argue the methodology that Sunrun's third-party independent appraisers use to value its systems is incorrect. Muddy Waters has it wrong.

Section 25D solely governs the tax credit for which *homeowners* apply when they purchase a solar system outright (i.e., not subject to a lease/PPA by a commercial entity). Section 48, not Section 25D, sets forth these rules for a *business owner* such as Sunrun, or its affiliates. Muddy Waters has based its critique on the entirely wrong section of the tax code, a faulty premise leading to an erroneous framework for its analysis. By utilizing the perspective of a residential buyer under Section 25D rather than a commercial buyer under Section 48, Muddy Waters fails to appreciate that cost under Section 25D is different from cost under Section 48 and ignores the value of the tax attributes, which a commercial buyer can monetize and not a residential buyer.

The appraisal methodology employed by third-party independent appraisers to determine fair market value is widely utilized and understood in the market and by the IRS

Fair Market Value (FMV) is the expected value conclusion reached by a willing buyer and a willing seller, both equally well-informed and acting neither under compulsion nor duress in an arm's-length transaction. There is a clear and sensible expectation that this fair value is above cost. For example, the U.S. Treasury's guidelines state that when evaluating the solar tax credit basis for a Section 1603 Treasury Grant-in-lieu-of-tax-credit, the appropriate developer profit markups typically range between 10% and 20%.[1]

One could assume Muddy Waters is aware of Treasury's guidelines, because they selectively cite from a different section of it in their report. Yet Muddy Waters attempts to characterize tax credit valuation as previously unconsidered; the reality is that the appropriate approach to tax credit valuation received broad industry-wide attention by the government beginning over a decade ago, resulting in official guidance and industry-wide best practices. At various times over more than a decade, the IRS and the Treasury Department have examined Sunrun's tax processes. The first such intensive review occurred in 2010, when the Treasury Department began approving grants-in-lieu-of-tax-credits (under Section 1603), writing in an April 10, 2010 letter:

> *"Sunrun provided an independent appraisal, detailed financial model, and follow-up letter demonstrating the value of its contracts… Department of Treasury conducted 'stress tests' to determine whether electricity rates in the post-lease period, production variances, or REC pricing would detrimentally affect the investor's view of the value of the properties… the fair market that SunRun assumed would provide an after-tax rate of return that suggest their FMV is reasonable… IRS and Treasury have concluded that the income approach in this transaction is the appropriate indicator of FMV [fair market value], excluding cost and comparables."*

[1] U.S. Treasury Department, Payments for Specified Energy Property in Lieu of Tax Credits under the American Recovery and Reinvestment Act of 2009, last revised April 2011, Program Document link for "Evaluating Cost Basis for Solar PV Properties," p. 4, *available:* https://home.treasury.gov/system/files/216/N-Evaluating_Cost_Basis_for_Solar_PV_Properties-final.pdf.

Income method critique is based on fundamentally erroneous premise of IRC Section 25D

The IRS and Treasury reached the conclusion in 2010 that the income method is the appropriate indicator of FMV because solar assets are income-producing properties.[2] Under the income method, a buyer would sensibly set the purchase price based on the after-tax value of the purchase. Here, Muddy Waters' erroneous reliance on Section 25D undermines its analysis because it utilized the wrong buyer, a homeowner unable to maximize tax attributes, instead of a commercial buyer, who can do so. From that faulty premise, Muddy Waters suggested that tax attributes should be excluded from the income method of valuation. To suggest a commercial purchaser of the asset would somehow disregard the incentives they would claim after purchasing the asset is inconsistent with fundamentals of economics. If a purchaser pays $1 more for an asset, the purchaser earns a $0.30 incremental tax credit (for 30% ITC property). Inclusion of tax benefits in the FMV calculation is industry standard. Importantly, established legal precedent expressly states that the buyer should consider the value of the tax benefits in the purchase price.[3]

Replacement cost critique is wrong on the facts and acceptable range of developer margin

While the Income Approach includes the value of incentives in the system's cash flows, the Replacement Cost Approach includes the full replacement cost of a system, including a reasonable developer profit, and does not deduct the value of upfront incentives. In calculating the value of solar assets under the Replacement Cost Approach, Muddy Waters asserts that our independent appraisers somehow inflate the Replacement Cost Approach by (1) utilizing a developer margin of 20%, which Muddy Waters contends is too high and inconsistent with industry standards, and (2) including ineligible costs.

First, our third-party independent appraisers utilize a 15% developer margin to arrive at the replacement cost, which Muddy Waters agrees is the standard in the industry. Even if our third-party independent appraisers were

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[2] In fact, in valuation of income-producing assets, the IRS has insisted upon using the income method. See, e.g., *LeFrak v. Comm'r*, 66 T.C.M. (CCH) 1297 (T.C. 1993) (IRS's expert agreeing that "because the buildings were of an income-producing nature, they should be valued on the basis of their income-generating capacities"); *Provitola v. Comm'r*, 60 T.C.M. (CCH) 939 (T.C. 1990) (IRS's expert concluding that best indicator of value of software was expected income stream), aff'd, 963 F.2d 385 (11th Cir. 1992); *Cloverport Sand & Gravel Co. v. United States*, 6 Cl. Ct. 178, 194 (1984) (both parties using income capitalization method where property being valued was "income producing property capable of producing a stream of income derived from what both parties concede is the property's highest and best use"); *Van Duzer v. Comm'r*, 61 T.C.M. (CCH) 2791 (T.C. 1991) (IRS's expert using income method to value wind farms).

[3] In *Van Duzer v. Commissioner*, 61 T.C.M. (CCH) 2791 (T.C. 1991), the court found that the purchase prices of wind farms purchased by Mr. Van Duzer were not in excess of their FMVs where his expert "considered the Federal and State tax benefits petitioners expected to receive from the windfarms as a cash inflow." *Id.* at 91-1229. Mr. Van Duzer purchased his wind farms from a corporation that sold windfarms, and he considered the tax benefits he expected to receive in determining the profitability of purchasing the wind farms. *Id.* at 91-1220. The IRS argued that the tax benefits Mr. Van Duzer expected to receive from the purchases of the wind farms constituted peculiar circumstances that influenced him to pay more than the FMV for the wind farms. *Id.* at 91-1226 (citing Bryant v. Comm'r, 790 F.2d 1463 (9th Cir. 1986), as authority for the proposition that the general rule that basis is equal to cost does not apply "where 'peculiar circumstances' surround the transaction which influence the purchaser to agree to a price in excess of the property's fair market value"). The court concluded that the favorable tax incentives petitioner expected to receive from his purchases of the wind farms should not be considered as a "peculiar circumstances" so as to reduce petitioner's bases in the wind farms. *Id.* at 91-1228. Because the court found that the purchase prices Mr. Van Duzer paid for the wind farms were not in excess of the FMV, the court concluded that the petitioners' bases in the wind farms were equal to their purchase prices. *Id.* at 91-1231. See also *Tanner v. Comm'r*, 63 T.C.M. (CCH) 2819 (1992) (finding tax incentives from wind turbine investments not to constitute peculiar circumstances to reduce taxpayer's basis in such investments, noting the reality that tax laws affect the shape of most business transactions, and finding this to be "particularly relevant where very significant tax benefits are made available by the Federal and State governments for the specific purpose of promoting and stimulating the precise type of investments at issue.").

to utilize a 20% developer margin, such a margin falls squarely within the range sanctioned by the U.S. Treasury and the IRS in the 1603 Grant Program Guidance and cited by Muddy Waters in its footnote #15.

Second, our third-party independent appraisers do not include ineligible costs, such as property tax or asset servicing expenses, when calculating the cost used in such appraisals. Costs used in the analysis are permissible costs pertaining to Sunrun's activities acquiring and installing new solar systems. Muddy Waters has it wrong, incorrectly assuming that the Replacement Cost Approach is similar to our Creation Cost metric provided publicly to investors. In fact, the latter utilizes a different methodology that is described in detail in the supplemental cost memo. For instance, if the Company incurs costs re-roofing a home, these are reflected in our GAAP costs but not our tax costs eligible for tax credits. In addition, the Company does not include all of the costs associated with Construction in Progress assets when calculating the cost used in such appraisals — another assertion Muddy Waters gets wrong. The author has also failed to realize that when looking at the Creation Cost metric reported publicly for investors, that it also includes a platform services contra-cost item (the gross margin earned for activities ancillary to the leasing business). Thus the cost purely of the leased volumes, which the author is attempting to calculate, would exclude margins earned on Sunrun's equipment distribution business and outright sales.

Despite the fact that the Treasury Department previously instructed the Company that the Income Approach is the appropriate method, our third-party independent appraisers use a combination of an Income Approach (e.g., a discounted cash flow model) and a Replacement Cost Approach to determine the value of solar systems. This combination leads to a lower average valuation than the Income Approach method alone.

The use of direct sales "Average Selling Price" is both not relevant nor comparable for multiple reasons, which Muddy Waters fails to consider

Muddy Waters notes that they estimate that the "direct sales price approximates the Market Approach valuation of the system." Muddy Waters has it wrong for multiple reasons.

Muddy Waters does not account for the fact the Company's reported Solar Systems Sales revenue[4] is recorded net of the dealer fees it paid to loan originators, and as such, the actual sales price of such systems paid by consumers is approximately 20% higher.

The analysis performed by Muddy Waters also fails to recognize that there are geographic, product mix and valuation differences between systems that are sold to customers and those which are subject to a lease, making the comparison of per Watt prices fundamentally flawed. As an example, Muddy Waters cites 2021 ASPs which presents comparability issues as systems sold to customers in 2021 were based on a 26% ITC whereas Sunrun's leasing volume had a substantial mix of 30% ITC volumes owing to the Company's disclosed safe harbor strategy. Muddy Waters again disregards facts to suit their narrative.

Lastly, the calculated "ASP" is not an ASP, as the GAAP Revenue and Cost recognition criteria are based on a different milestone criteria, while volume recognition criteria the Company utilizes is earlier in the process. For a steadily growing business, this dynamic results in Muddy Waters' estimation technique understating actual ASP.

Fair market value should not be equivalent to senior debt proceeds

Muddy Waters argues that FMV is overstated because it is higher than the amount of debt that achieves an A-credit rating. Muddy Waters has it wrong. This assertion is akin to saying a company's market equity value should not exceed the amount of its investment-grade debt. In addition, in comparing proceeds to asset value,

[4] See Sunrun's 10Q and 10K filings with the SEC for revenue breakdown ("Segment Information" section, page 13 on the latest 10Q for the period ending March 31, 2022).

they significantly underestimated the debt placement amount; failed to include the significant customer upfront payments and state rebates; and ignored the value of Sunrun equity.

Our ITC Insurance policies provide beneficial, industry-standard risk mitigation

Muddy Waters seems to suggest that the Company has an unlimited liability associated with the potential re-evaluation of tax credits. Muddy Waters has it wrong.

The IRS's mechanism to challenge historical ITC claims is through tax audits. We fully disclose any material risks and financial liabilities associated with our business in our filings with the SEC, and this would include any potential material tax credit re-evaluations. The IRS audit currently disclosed in Sunrun's SEC filings is the only audit that the IRS has opened into Sunrun or one of our tax equity funds since 2018. We have closed over 80 tax equity transactions, and the assets subject to this audit represent less than 1% of our assets placed in service since the Company was formed in 2007.

Moreover, Sunrun has purchased insurance policies insuring the Company and related parties in the event of a tax credit re-evaluation. These insurance policies are regularly reviewed by sophisticated tax equity investors and lenders. In addition, the rating agency on Sunrun's asset-backed securitization (Kroll) reviews the applicable policy and credit quality of the insurers in connection with each asset-backed securitization and such review has been sufficient to support an A- credit rating.

Setting the Record Straight on Estimates and Embedded Assumptions in Investor Metrics

Sunrun provides our non-GAAP metrics, including but not limited to Gross Earnings Assets, Net Earning Assets, Subscriber Value, Creation Cost, and Net Subscriber Value[5], and accompanies such metrics with a glossary of terms describing our methodologies. The Company also publicly discloses sensitivities to certain key assumptions used for modeling Gross Earning Assets, including renewal rates, default rates and discount rates, allowing investors to make assumptions they believe are most appropriate.[6]

Renewal assumptions

We believe the related assumptions, estimates, and disclosure we have provided are market-appropriate. First, we only include a total of 30 years of cash flow, or five years of renewals for our typical 25-year contract, still years less than the estimated useful life of at least 35 years for our assets, as determined by our independent engineer[7], and considerably less than at least one peer includes in their renewal assumptions.

Second, at the end of the initial 20- or 25-year contract term, we will have maintained the solar system in good working condition for 20 or 25 years and believe we will be uniquely positioned to continue to offer the customer energy from the system at an attractive price into the renewal period. We believe the marginal cost of delivering energy during the renewal period from the existing system will likely be lower than a new system installed by us, which in turn, will be lower than a new system installed by a competitor. Even if the cost of solar modules declines and/or their efficiency improves, a new installation will require the customer to incur the cost of new panels and inverters, balance of system equipment such as wiring and conduit, hard costs for installation, and other soft costs (e.g., permitting). If purchasing a new installation from a competitor, the customer will incrementally incur the additional costs of customer acquisition and potentially accelerated roof replacement.

[5] Sunrun Form 8-K, dated May 4, 2022.
[6] Sunrun Form 10-Q, Q1 2022, p. 38.
[7] Leidos Independent Engineer's Report, February 24, 2022, p.6. Filed with the SEC on Form 15G-ABS for the Sunrun Jupiter Issuer 2022-1, LLC securitization.

As such, Sunrun believes it will be in a position to offer energy produced from the existing installation to the customer at a rate less than what we or a competitor could reasonably provide with a new installation. We believe so long as homeowners continue to consume electricity and benefit from having onsite clean energy production, their economic incentive will be to continue to purchase from us during the renewal period.

As more households adopt electric vehicles and switch appliances to electricity, the need for electricity is estimated by most sources to more than double and Sunrun will be in an advantaged position to offer energy from its installations at a rate less than the incumbent utility or any other solar provider during the asset's useful life.

Third, we have not included in our Subscriber Value or Gross Earning Assets metrics any other intangible benefits associated with the customer relationship during or after the initial contract, besides the base renewal assumption. If we are able to offer the customer expanded systems, batteries to complement existing systems, or entirely new systems during and after their initial contract, or ancillary services such as electric vehicle charging systems, this presents considerable upside in value opportunity, beyond what is reflected in these metrics.

Fourth, the estimates of renewal value we report in our Subscriber Value and Gross Earning Assets metrics use assumptions for renewal pricing that we believe are likely to be substantially lower than the renewal pricing provided for in our customer agreements. Specifically, Sunrun's typical customer agreement stipulates that after the initial term, the term will automatically renew annually at a rate which is a 10% discount to the then-prevailing utility rate. For conservatism in our non-GAAP metrics, we assume the renewal rate during the first year of the renewal term is equal to 90% of the rate in effect during the last year of the initial contract, or a 10% discount to the end of initial term contract rate, as opposed to the 10% discount to then-prevailing utility prices specified in our typical contract. As an example, a Sunrun customer who starts at about a 20% savings below the avoided cost of power from their traditional utility, and whose rate escalates at approximately 2% annually (consistent with Sunrun's portfolio average), would automatically renew at a higher rate than what is included in Subscriber Value and Gross Earning Assets. For this scenario, if utility rates were to rise at 4% annually, the renewal rate we assume in our public metrics would be approximately 48% of the then-prevailing utility rate. Said differently, if utility rates rise 4% annually, we would effectively achieve the same renewal rate disclosed today in our investor metrics if 52% of customers cancel their agreement and only 48% of customers renew pursuant to the renewal terms specificed in the agreements. In many of our largest markets, utility rates have been rising faster than our contractual rates. Muddy Waters incorrectly states that we assume 90% of customers renew at a 10% discount to utility prices. Moreover, we provide sensitivity tables in our public documents filed with the SEC to enable investors to model their own assumptions for renewal rates.

As a point of reference supporting our renewal rate assumptions, since inception to date, Sunrun has achieved the assignment of 1,038 customer agreements following the foreclosure or short sale of our original customer's home. Even in these circumstances, we have achieved recovery of well over 90% of the expected contract value (99.1% recovery on 739 short sales and 93.3% recovery on 299 foreclosures) – meaning that a new homeowner, purchasing a home in a distressed scenario with our used system on the roof and no contractual obligation to us, assumed the customer contract with a less than 10% reduction to the rate.[8] We believe it is plausible and reasonable to assume achieving such assignment success with these customers would be harder than achieving a renewal with an existing customer realizing substantial savings.

Muddy Waters seems to suggest that a unit of electricity becomes obsolete, and the customer needs to "upgrade to the next version of the iPhone." A unit of electricity has been consistent in its feature set for well over 100 years. To suggest that a unit of electricity produced by a solar system that is 25 years old, well within its estimated useful life, is inferior in value to a unit of electricity produced by a newer solar system is to misunderstand how electricity works and functions. The report provides data from NREL indicating the vast

[8] The Company's Investor Presentation, June 2022, p.43.

improvements in module efficiency from 2010 to 2020, but our experience with our thousands of customers originated over this time does not suggest that improving efficiency leads to customers attempting to replace their systems with newer, “upgraded” ones. Our service transfer recovery rate of 100% across over 42,000 transfers validates that new homeowners with existing systems do not demand the newer version. As discussed above, we expect an existing system will have the lowest marginal cost of energy during the renewal period and therefore the most competitive rate versus the customer’s alternatives (i.e., utility grid power, a new system from Sunrun, or a new system from a competitor). If a customer ultimately wants to “repower” with a new system to increase its capacity at the end of the initial term, we expect more, not less, profit from that customer, as we could leverage our customer relationship to provide an attractive offering to the customer and a profitable transaction for the Company.

System removal costs

Muddy Waters asserts that the Company would be liable for the removal of solar panels at the end of the initial life of the contract, and/or the ABS investors may be burdened with costs for removals that exceed the value of the assets, creating default risk in our ABS transactions. Muddy Waters has it wrong.

We conservatively estimate a renewal period of 30 years instead of the 35 years assumed by one of our competitors, and the “at least 35 years” of useful life indicated to us and our project finance and ABS investors by our independent engineer.[9] If we were to include an extra five years of renewal cash flows, using the same approach for renewal rate assumptions, our renewal value would nearly double, providing sufficient extra renewal period value to cover any removal costs. As such, we do not believe including renewal costs would adversely impact our non-GAAP metrics, because considering an end-of-life expense would also necessitate considering the incremental value through end-of-life that we do not currently include.

In considering all of their risks before investing in our ABS securities, our ABS investors rely on our disclosures, rating agency credit ratings, and their own due diligence. At the time of each offering, we provide a Confidential Offering Circular to each prospective purchaser of our ABS notes, in which we describe all material provisions related to our customer agreements. For instance, in the Confidential Offering Circular related to our Sunrun Jupiter 2022-1 transaction, we stated: “If the PV System is not purchased, and the Customer Agreement not renewed, the seller/lessor is obligated to remove the PV System at its cost.” Our ABS investors have known and considered relevant risks across many transactions. In rating the A or A- rated notes we typically place, Kroll Bond Rating Agency (“Kroll”) has not assumed any renewal period cash flows. In Kroll’s Base Case for the Jupiter 2022-1 transaction, the Class A notes (which are rated A-) pay off in full in year 18, and in Kroll’s A- Stress Case, the Class A notes pay off in full in year 25, before the renewal period begins. Even if every customer requested a removal at the end of his or her initial term, and we suffered each of Kroll’s downside scenarios, Kroll projects our ABS noteholders would not have exposure to system removal costs.[10]

Maintenance costs

Using incomplete information from one of our ABS rating reports authored by Kroll, Muddy Watters incorrectly claims that Sunrun utilizes a $15/kW assumption for annual O&M costs when calculating Subscriber Value and Gross Earning Assets. Muddy Waters has it wrong. In fact, the Company uses various assumptions, including routine operations and maintenance cost assumptions, insurance, equipment replacement and servicing costs such as billing, collections and customer care. The Company escalates these estimates over the course of 30 years, consistent with the typical annual escalators in our O&M contracts. Today, the average annual O&M fees assumed in calculating these metrics are over $22/kW. As noted, Sunrun includes projections for major maintenance expenses, or the replacement of major system components such as inverters and batteries (which

[9] Leidos Independent Engineer’s Report, February 24, 2022, p.6. Filed with the SEC on Form 15G-ABS for the Sunrun Jupiter Issuer 2022-1, LLC securitization.
[10] SunRun Jupiter Issuer 2022-1, LLC New Issue Report, May 4, 2022.

total $2,250 on a weighted-average basis and covering 30 years) which is not reflected in the O&M estimate noted above. The combination of these projected expenses is significantly higher than what the author claimed, and not inconsistent with what Muddy Waters purports to be reasonable ($24/kW annually).

Panel degradation

Muddy Waters notes that Sunrun utilizes a 0.5% degradation rate when calculating Subscriber Value and Gross Earning Assets. A typical customer contract includes a performance guarantee equal to 90% of estimated production, measured cumulatively over the contract's initial term. The production estimate included in the customer agreement assumes 0.50% of annual degradation. If a system actually degrades at 0.75% per year, a production guarantee payment would not trigger at any point during the 25-year initial contract term, as cumulative production would be 8% greater than the guaranteed delivery amount over the initial term. Degradation would need to exceed 1.4% per annum for any guarantee payments to be paid during the initial term and for our non-GAAP metrics to be adversely impacted. By comparison, Kroll assumes module degradation of 0.75% and 1.20% per annum in its Base Case and A- Stress Case, respectively, highlighting the common practice of ABS rating agencies making more conservative assumptions relative to an equity investor in underwriting highly rated investment grade securities.

Additionally, our module suppliers provide warranties which typically stipulate modules will perform at a capacity level of at least 80% of their initial nameplate capacity at year 25 (or implying a 0.8% annual degradation rate). As these are warrantied levels provided by reputable, typically Tier 1 manufacturers, in addition to often being backed by third-party warranty providers, the manufacturers expect actual degradation rates would be considerably lower.

Contract default and cancellation

Investors are able to sensitize default rate assumptions using the Company-provided sensitivity table in our SEC filings.[11] As our customers are typically saving a large amount on their electricity energy spend, we maintain a very strong payment performance history. This strong payment performance is evidenced by the multiple, publicly available Surveillance Reports issued by Kroll in the past nine months clearly demonstrating customer collections performance that is outperforming Kroll Base Case default assumptions.[12]

[11] For example, see the Company's Form 10-Q, Q1 2022, p. 38.
[12] See Kroll Bond Rating Agency issued Surveillance Reports, available at www.KBRA.com, for Sunrun's Callisto, Xanadu, Vulcan and Athena ABS issuances.