# 3Q 2026 Earnings Call
# November 4, 2026
# Prepared Remarks

**OPERATOR INSTRUCTIONS**

Good afternoon and welcome to Sunrun's third quarter 2026 earnings conference call. Please note that this call is being recorded and that one hour has been allocated for the call, including the Q&A session. To join the Q&A session after prepared remarks, please press star 1 at any time. We ask participants to limit themselves to one question and one follow-up question. I will now turn the call over to Patrick Jobin, Sunrun's Investor Relations Officer.

**PATRICK JOBIN**

Thank you operator.

Before we begin, please note that certain remarks we will make on this call constitute forward-looking statements related to the expected future results for our Company, including our Q4 and full year 2026 financial outlook and other statements that are not historical in nature, are predictive in nature or depend upon or refer to future events or conditions, such as our expectations, estimates, predictions, strategies, beliefs or other statements that may be considered forward-looking. Although we believe these statements reflect our best judgment based on factors currently known to us, actual results may differ materially and adversely. Please refer to the Company's filings with the SEC for a more inclusive discussion of risks and other factors that may cause our actual results to differ from projections made in any forward-looking statements. Please also note these statements are being made as of today, and we disclaim any obligation to update or revise them.

Please note, during this earnings call, we may refer to certain non-GAAP measures, including Cash Generation, Creation Costs Reflected in Operating Expenses, and Creation Costs Reflected in Capital Expenditures, which are not measures prepared in accordance with U.S. GAAP. These non-GAAP measures are being presented because we believe that they provide investors with a means of evaluating and understanding how the company's management evaluates the company's operating performance. Reconciliation of these measures can be found in our earnings press release and other investor materials available on the company's investor relations website and accompanying this webcast. These non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to, financial measures prepared in accordance with U.S. GAAP.

On the call today are Mary Powell, Sunrun's CEO, Paul Dickson, Sunrun's President and Chief Revenue Officer, and Danny Abajian, Sunrun's CFO.

A presentation is available on Sunrun's investor relations website, along with supplemental accompanying materials. An audio replay of today's call, along with a copy of today's prepared remarks and transcript including Q&A will be posted to Sunrun's investor relations website shortly after the call.

And now let me turn the call over to Mary.

**MARY POWELL**

Thank you, Patrick, and thank you all for joining us today.

I'm pleased to report Sunrun's direct business is growing — this business results in improving margins, higher customer satisfaction, and higher quality assets. We are back to growth in our direct sales activities compared to the prior year in Q3, and most recently in October. We expect to exit this year with continued growth. We successfully reset our affiliate business with partners that can meet our rigorous standards and that we are excited to grow with.

We achieved a record 75% storage attachment rate in Q3. We increased our Upfront Net Subscriber Value margins considerably, expanding from two thousand per Subscriber in Q2 to over $3,700 in Q3. This represents a margin of about 7% of Contracted Subscriber Value. We also delivered positive Cash Generation again in Q3, generating $56 million excluding investments in equipment for safe harbor activities, and expect to have robust Cash Generation in Q4. We reduced our parent debt further in the quarter, reducing debt by over 100 million year-to-date.

Recent increases in interest rates, combined with persistent, slightly below expectation sales onboarding, has led us to anchor on the low end of our cash generation expectation for the full year.

Paul will discuss our sales activities and growth outlook in more detail. Danny will talk through our Cash Generation outlook.

Before turning to those topics, I want to provide a strategic update on our growing distributed power plant operations. Our energy assets are at the center of a power sector that is in need of energy capacity and where speed to power is critical. Sunrun now has over 5 gigawatt hours of storage capacity installed across the country, and is the largest Residential Independent Power Producer. America needs more power, faster than the traditional grid can deliver it, and Sunrun is well situated to meet that need. Sunrun set new records dispatching energy to the grid, achieving 434 megawatts in a single event.

At the end of Q3, we had installed more than 284,000 storage plus solar systems. We own a valuable network of flexible, dispatchable power and are growing it at a rapid pace. Sunrun added more than 1.3 GWhr of storage capacity and dispatched more than 1,000 MWs of power over the last 12 months across the country. We expect to double the amount of capacity we have online by the end of 2028, grow participation rate substantially, and increase revenue per enrolled asset, resulting in meaningful and rapidly growing Cash Generation. We remain in active communication with utilities, energy market coordinators, and hyperscalers about how our resources can bring value to the energy system.

**Impact of Election**

I also want to touch on the historic outcome of yesterday's elections.

Sunrun is well positioned to provide the country the power it needs. Our plan is based on policies that are in-place today, and does not depend on new policies. That said, yesterday's election paves the way to dramatically accelerate work with key state and federal policymakers to unleash the potential of dispatchable power and distributed compute at significant scale. This includes advancing and scaling the use of distributed resources to participate fully alongside traditional power infrastructure. Sunrun can deliver the speed-to-power solutions America needs to support AI growth while strengthening energy affordability and reliability and creating new economic opportunities for customers and communities across the country.

**Celebrating our people**

Before handing over to Paul, I want to take a moment to celebrate some of our people who truly embrace our best-in-class Team. For this quarter, I want to specifically highlight our team in Illinois. In the third quarter, Illinois installations grew by over 30% compared to the prior year, with all systems including storage.

I specifically want to thank Jordan Laplace, Ahmad Zeid, and Kennady Mott from our Illinois-based team. Jordan has been with Sunrun for over a decade — we are so grateful for his commitment and leadership. I also want to congratulate Ahmad and Kennady who were our top Illinois installers during the third quarter.

To our entire team in Illinois: thank you and keep up the great work!

Paul, over to you.

**PAUL DICKSON**

Thanks Mary.

Sunrun is in a great position. We are leading the market with high-quality growth and establishing ways to provide our growing base of over 1 million customers even more value with additional products and services.

First, I want to provide an update on what our sales teams are seeing and hearing on the ground with customers. As energy costs and grid reliability continue to disappoint, Customers are eager to lock in their energy costs with a predictable monthly bill and reliable backup power. We have built one of the strongest and most well-regarded sales organizations to capture the demand, and convert it into satisfied customers.

Our sales have increased by high-single digits to low-double digits every month compared to the prior year from June through October.

Our affiliate business has been reset. We are working with a group that we are excited to grow with. These partners share our commitment to high-quality originations and a customer-centric approach. We continue to selectively onboard partners that meet our high quality standards.

New customers are just one of our vectors for growth. We are also actively growing our offerings to existing customers. We are offering add-on batteries for existing customers and service plans for customers in need of a provider to help monitor and service their system. We are also leveraging our growing storage fleet to increase recurring cash flow streams from grid services partnerships.

One of the areas that we are increasingly excited about is the distributed compute opportunity. Placing inference compute on customer sites — including for new home developments, multi-family properties, and even single family homes — presents a meaningful opportunity to rapidly scale compute resources and overcome the critical limiting factors for building datacenters of power and location. Sunrun is uniquely advantaged given we inherently are colocating compute with onsite power. We launched a pilot in the summer and continue to explore various opportunities to scale.

I'll now turn it to Danny for a financial update.

**DANNY ABAJIAN**

Thank you, Paul.

***Volumes***

We added over 24 thousand customers in Q3, with average system sizes up 2% from Q2. We achieved a record-high 75% storage attachment rate in Q3, up one point from Q2.

Our volume performance in Q3 represents improved traction in our direct business. Direct installation volumes were up by 17% from Q2 and up by 9% compared to the same period last year.

Affiliate volume was up nearly 20% in Q3 compared to Q2, but down 67% year-over-year, driven both by our decisions to scale back our affiliate partnerships earlier in the year and by continued challenges in the dealer ecosystem. We continue to expect volumes from the affiliate channel to be down by more than 60%

for the full-year. We expect our direct business volumes to comprise approximately 85-90% of our total installation volume mix for the year.

***Margins***

Aggregate Contracted Subscriber Value was $1.2 billion in Q3. On a unit basis, Contracted Subscriber Value was approximately $52,500, up 8% year-over-year, driven by larger average system sizes, increased pricing, a higher storage attachment rate, and a higher average ITC level, partially offset by a higher discount rate.

We estimate Upfront Proceeds will be approximately $49,600 per subscriber after applying an Advance Rate of 94% against Aggregate Contracted Subscriber Value.

We estimate Upfront Net Subscriber Value of approximately $3,700, representing a margin as a percent of Contracted Subscriber Value of approximately 7%. This figure increased by over 3 percentage points from last quarter.

***Cash Generation***

Cash Generation was $6 million in Q3, or $56 million excluding $50 million of net investment in equipment safe harboring. Cash Generation is a Non-GAAP metric – please reference the earnings release and other associated investor relations materials published today for a reconciliation to its most directly comparable GAAP measure, Cash Provided by Operating Activities.

We have invested $100 million in our equipment safe harboring activities through the third quarter. In Q4, we expect to increase financing on these assets, resulting in a cash inflow that would reduce our net investment in safe harboring activities to approximately $60 to $70 million for the full year.

***Capital Markets***

Turning now to our activity in the capital markets.

Sunrun is executing well and we have built a strong pipeline of transactions. We have seen accelerating demand for tax credits, with the vast majority of our 2026 tax credit supply spoken for with closed transactions or advanced discussions, and early engagement with potential buyers of 2027 credits has picked up materially. We have seen ITC pricing during the quarter remain relatively stable in the high 80's to low 90 cent range.

As of today, closed transactions and executed term sheets provide us with expected tax equity capacity or equivalent to fund approximately 980 megawatts of projects for Subscribers beyond what was deployed through the third quarter. We also have over $661 million in unused commitments available in our non-recourse senior revolving warehouse loan to fund over 269 megawatts of projects for Retained Subscribers as of the end of Q3.

Year to date we have raised approximately $1.5 billion in non-recourse asset level debt financing. We have seen credit spreads decline to the low-200 area, and continue to see robust demand for our securitizations in the private and public markets.

Approximately 46% of our Subscriber Additions in Q3 were monetized through the Non-Retained or Partially Retained model. As a reminder, proceeds from these transactions are equal to or better than our on-balance sheet retained monetization, while also providing simpler GAAP treatment and further diversification of capital sources. Under the joint venture structure we retain a share of long-term cash flows from these assets along with grid services and the ability to cross-sell customers.

***Outlook***

Turning to our outlook on slide 24.

We have slightly reduced our volume outlook for the full year, driven by modestly lower pacing than we had forecasted earlier. Our direct sales growth rates in recent months have ranged from high-single digits to low-double digits year-over-year, but remain a few percentage points lower than we had previously forecasted. In addition to these volume trends, sustained higher interest rates have also modestly impacted our expected full-year 2026 results.

Owing to these factors, we are revising our Aggregate Subscriber Value guidance to approximately $4.6 billion for the full-year compared to our prior guidance of $4.6 to $4.9 billion.

We are also revising our Cash Generation guidance to approximately $200 million for the full year, before net investments in safe harbor equipment of $60 to $70 million. This compares to our prior guidance of $200 to $375 million.

We expect to produce meaningfully positive Cash Generation in 2027.

There are a few puts and takes as we look out into next year. Given the adjustments we made in the Affiliate business earlier this year, and the sales growth we are seeing in our direct business, we expect to grow overall installation volumes in 2027.

The industry is facing a few new headwinds, including elevated ITC insurance costs, which impacts proceeds by a point or two. The industry will also incur a property tax in California for new systems deployed starting January 1st, which Sunrun has already partially offset with recent price increases. To the extent interest rates are sustained at current levels, our capital costs would increase from levels realized throughout 2026. We expect to increase prices further in 2027 as utility rates continue to rise. We will provide more details and formal 2027 guidance on our Q4 call in February.

We expect to continue to allocate Cash Generation to reduce parent leverage, and will provide further updates on this topic on our next call. In the coming quarters, we will evaluate additional value-accretive capital allocation strategies depending on the market environment and our outlook.

Operator, you can now open the line for questions.

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**Forward Looking Statements**

This communication contains forward-looking statements related to Sunrun (the "Company") within the meaning of 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, growth trajectory, expectations, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the Company's expectation regarding its growth trajectory in installations exiting the year; the Company's momentum in its business strategies including expectations regarding its direct business and market share growth in certain geographies, customer value proposition, market penetration, growth of certain divisions and ability to scale offerings, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the Company's discussion of new products, offerings, and applications, including monetization of the Company's network for grid programs and emerging data center and grid edge applications; the trajectory of the storage and solar industry; the Company's business, customer base, and market; and anticipated demand, market acceptance, and market adoption of the Company's offerings; the Company's expectations regarding its allocations of and ability to create new streams of Cash Generation; and the Company's aim to leverage its existing energy infrastructure to serve AI-driven electricity demand and create new, high-margin revenue opportunities. 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, interconnection limits, and fixed fees, or caps and licensing restrictions and the impact of these changes on the solar industry and the Company's business; the Company's ability to attract and retain the Company's business partners; supply chain risks, including the Company's and its energy system partners' dependence on a limited number of suppliers of solar panels, batteries, and other system components and any shortage, bottlenecks, delays, detentions, or component price changes from these suppliers, restrictions on components and materials sourced from designated foreign entities of concern and the Company's reliance on specific countries for critical components, tariff and trade policy impacts, and raw material availability for solar panels and batteries; 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; regulators imposing rules on the type of electricians qualified to install and service the Company's solar and battery systems in California, which may result in workforce shortages, operational delays, and increased costs; changes in the retail prices of traditional utility generated electricity; the availability of rebates, tax credits and other incentives, and the risk that if the IRS makes determinations that the creditable basis of the Company's energy systems is materially lower than what it has claimed, it may have to pay significant amounts to its fund investors; the Company's risk of additional taxes owed in respect of lost ITCs and the availability of related insurance coverage; the availability of solar panels, batteries, and other components and raw materials; the Company's failure or perceived failure to comply with existing or future laws, regulations, contracts, self-regulatory schemes, standards, and other obligations related to data privacy and security (including security incidents), including where compliance or the actual or perceived failure to comply could increase the costs of its products and services, limit their use or adoption, and otherwise negatively affect our operating results and business; 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.

Citations to industry and market statistics used herein may be found in our Investor Presentation, available via the “Investor Relations” section of Sunrun’s website at https://investors.sunrun.com.