

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**



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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Energy Capital Partners Management, LP. If you have any questions about the contents of this Brochure, please contact us at (973) 671-6100 or [compliance@ecpartners.com](mailto:compliance@ecpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Energy Capital Partners Management, LP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Energy Capital Partners Management, LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***ITEM 2***      **MATERIAL CHANGES**

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Energy Capital Partners Management, LP (“ECP Management”) has not had any material changes to its business since the filing of its initial Brochure. The updates to this year’s Brochure are non-material, however, we encourage all recipients to read this Brochure carefully in its entirety.

In the future, this section will identify and discuss material changes to ECP Management’s business since the last annual update to make clients and investors aware of information that has changed and that may be important to them.

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***ECP Fund Managers***

ECP Management is a Delaware limited partnership and registered investment adviser that began operations in April 2005. ECP Management and its affiliated registered investment advisers (each named in Item 10 “*Other Financial Industry Activities and Affiliations*” below, together with ECP Management, the “Advisers” and, collectively, with their affiliated entities, “Energy Capital”) provide investment advisory services to Energy Capital’s private fund clients. Each Adviser is registered as an investment adviser in accordance with SEC guidance under the Advisers Act.

The Advisers’ clients include Fund I (defined below), Fund II (defined below), and the Mezzanine Fund (defined below, together with Fund I and Fund II, each a “Fund” and, collectively, the “Funds” and, together with any future private fund client managed by the Advisers or their affiliates, the “ECP Advised Funds”). The Advisers are generally operated as a single advisory business and are managed by a board of managers whose members are Douglas Kimmelman, Peter Labbat, Thomas Lane, Tyler Reeder and Andrew Singer. ECP Management’s principal owner is Mr. Kimmelman.

The Advisers’ investment advisory services to the ECP Advised Funds include sourcing, evaluating, negotiating, overseeing, managing and disposing of investments in the energy industry. Energy Capital tailors its advisory services in accordance with each Fund’s investment strategy as disclosed in such Fund’s offering documents. Further specific details of the Advisers’ advisory services are set forth in an ECP Advised Fund’s respective private placement memoranda, management agreements and partnership agreements and are further described below in Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss.*”

Additionally, from time to time, the Advisers may provide certain investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund. Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-invest vehicle may purchase a portion of an investment from a Fund. The co-invest buy-down generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. The co-invest vehicle may be charged interest on its buy-downs to compensate the Fund for the holding period.

***ECP Advised Funds***

As used in this Brochure, Fund I consists of the entities listed below along with any related parallel vehicles, feeder vehicles, alternative investment vehicles, co-invest vehicles and other special purpose entities formed to invest alongside the main funds listed below (collectively, “Fund I”).

- Energy Capital Partners I, LP
- Energy Capital Partners I-A, LP

- Energy Capital Partners I (TE), LP
- Energy Capital Partners I (Cayman), LP

As used in this Brochure, Fund II consists of the entities listed below along with any related parallel vehicles, feeder vehicles, alternative investment vehicles, co-invest vehicles and other special purpose entities formed to invest alongside the main funds listed below (collectively “Fund II” and, together with Fund I, the “Equity Funds”).

- Energy Capital Partners II, LP
- Energy Capital Partners II-A, LP
- Energy Capital Partners II-B, LP
- Energy Capital Partners II-C, LP
- Energy Capital Partners II-D, LP

As used in this Brochure, the Mezzanine Fund consists of the entities listed below along with any related parallel vehicles, feeder vehicles, alternative investment vehicles, co-invest vehicles and other special purpose entities formed to invest alongside the main funds listed below (collectively, the “Mezzanine Fund”).

- Energy Capital Partners Mezzanine Opportunities Fund, LP
- Energy Capital Partners Mezzanine Opportunities Fund A, LP
- Energy Capital Partners Mezzanine Opportunities Fund B, LP
- Energy Capital Partners Mezzanine Opportunities Fund Offshore Feeder, LP

Investors in the ECP Advised Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Advisers may enter and have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under, supplementing or altering a Fund’s partnership agreement or an investor’s subscription agreement.

As of December 31, 2012, the Advisers managed approximately \$7,552,591,238 in client assets on a discretionary basis and \$261,283,298 in client assets on a non-discretionary basis.

## ***ITEM 5*** **FEES AND COMPENSATION**

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As detailed below, the Advisers may receive management fees and carried interest in connection with providing investment advisory services to the ECP Advised Funds. Generally, investors in an ECP Advised Fund pay managements fees quarterly in advance until the termination of the respective Fund. Investors in the Funds also bear certain Fund expenses as further described below. Except as otherwise described in the applicable partnership agreement, expenses, investment advisory and other fees are expected to be paid over the term of the applicable ECP Advised Fund and investors generally are not permitted to withdraw or redeem interests in such ECP Advised Fund. Installments of the management fee payable for any period

other than a full quarterly period generally are adjusted on a *pro rata* basis according to the actual number of days in such period.

With respect to co-invest vehicles, any fees received by an Adviser are generally negotiated on a vehicle-by-vehicle basis, but may include commitment-based fees, performance-based fees or allocations, expense reimbursements or other administrative fees similar to those described below relating to the Funds.

The Advisers may exempt principals, employees and senior advisors from and reduce large investors' payment of all or a portion of management fees and/or carried interest. For example, Energy Capital's principals, employees and senior advisors are not subject to management fees or carried interest on their direct or indirect investment in the ECP Advised Funds. Additionally, the Advisers have and in the future may form co-invest vehicles that are not subject to management fees or carried interest. The Advisers also have and in the future may reduce management fees and/or carried interest for certain large investors through side letter arrangements.

After payment of all overhead and expenses, principals, other employees and senior advisors of Energy Capital will receive residual portions of the management fee, carried interest or other compensation received by ECP Management or the other Advisers.

As permitted under the respective partnership agreement, the Advisers may waive a portion of the management fee. Any such waived portion of the management fee reduces the amount of capital the Advisers would otherwise be required to contribute to the respective Fund. Upon a waiver, the investors in a Fund are then required to make a *pro rata* contribution according to their respective commitments to fund any such waived management fee that the Advisers elect to treat as a contribution and, as a result, the exercise of such waiver may result in an acceleration of investor capital contributions.

Further specific details of management fees, performance-based fees or allocations, fund expenses and fee waivers are set forth in an ECP Advised Fund's respective private placement memoranda and partnership agreements.

## ***Management Fee***

### ***Equity Funds***

Except as noted above, during an Equity Fund's commitment period, such Equity Fund pays an annual management fee of up to 1.75% of aggregate investor capital commitments. After the commitment period expires (or upon the occurrence of certain other events set forth in each Fund's partnership agreement, such as raising a successor fund of a certain size), an Equity Fund's management fee is typically reduced and following expiration of the commitment period paid only on remaining invested capital net of any investment with a fair market value of zero with respect to Fund I and ten percent or less with respect to Fund II. Investors who participated in a closing of an Equity Fund after the initial closing of such Fund are still responsible for payment of the management fee from the initial closing date.

### *Mezzanine Fund*

During the commitment period, the Mezzanine Fund pays an annual management fee equal to the sum of (i) 0.75% of aggregate investor capital commitments, and (ii) 0.75% of the aggregate amount of investor capital contributions in respect of the investments held by the Mezzanine Fund. Upon the Mezzanine Fund being fully invested or expiration of its commitment period, the management fee paid by the Mezzanine Fund will be reduced and paid only in respect of the investments held by the Mezzanine Fund net of any investment with a fair market value of zero. Investors who participated in a closing of the Mezzanine Fund after January 1, 2012 were responsible for payment of the management fee from such date.

### ***Performance-Based Fees***

Distributions to investors in a Fund may be subject to carried interest or other profit-based allocations for the benefit of an Adviser. Generally, this carried interest represents a share of distributions made in excess of invested capital and allocable fees and expenses. Carried interest allocations do not exceed 20% of profits and are generally subject to investor preferred return hurdles, general partner catch-ups and Adviser giveback obligations. The ECP Advised Funds employ a “European-style” carried interest structure where a Fund returns all called capital (including capital called for fees and expenses) plus a preferred return to investors before an Adviser receives a carried interest distribution.

### ***Other Fees***

To the extent that an Adviser is entitled to receive fees from a Fund’s portfolio company (e.g., break-up fees, director’s fees and transaction fees), at least eighty percent of such fees offset the management fees otherwise payable to the applicable Adviser in accordance with the partnership agreement of such Fund. Although the Advisers usually do not charge a transaction fee on every investment transaction, from time to time an Adviser may receive transaction fees with respect to certain portfolio company transactions. As noted above and similar with other fees, at least eighty percent of such transaction fees offset the management fee otherwise payable to the applicable Adviser.

An Adviser may have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or perform a service to a particular portfolio company to earn a director or monitoring fee. However, the Advisers believe that this potential conflict of interest is mitigated by the management fee offset mechanic described above and the substantial equity commitment by the Advisers and their principals in each of the Funds.

### ***Expenses***

Each Fund generally bears organizational expenses, including any legal, accounting, regulatory and other similar expenses, subject to a cap set forth in the Fund’s respective partnership agreement. To the extent a Fund pays any organizational expenses in excess of such cap or, with respect to Fund II and the Mezzanine Fund, pays any placement fees in connection with the organization or funding of a Fund, such amounts offset dollar-for-dollar the management fee paid to the applicable Adviser.

Generally, each Fund also bears ongoing and investment expenses to the extent not paid by portfolio companies, including broken deal, legal, accounting, investment banking, consulting, research, brokerage, custody, transfer, registration, insurance, limited partner advisory committee, interest, taxes, investment related travel costs, interest on fees and expenses arising out of all borrowings made by such Fund, extraordinary expense and other similar fees and expenses. The Funds are not responsible, however, for the Advisers' expenses in connection with maintaining and operating their offices and certain other aspects of their advisory business (e.g., expenses for employee compensation, rent, utilities general office expenses, ongoing publication and research subscriptions, conference registration and related travel expenses, Adviser accounting expenses, IT services and senior advisor fees). Brokerage fees may be incurred in accordance with the practices set forth in Item 12 below, "*Brokerage Practices*."

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**ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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As described in Item 5 "*Fees and Compensation*" above, certain Advisers may receive a carried interest allocation on realized profits in a Fund. Except for certain co-invest vehicles, the Advisers do not advise ECP Advised Funds not subject to a carried interest, however the Advisers may waive carried interest with respect to certain persons as described above.

In allocating investments, the Advisers may have incentives to favor Funds with higher potential for carried interest over Funds with lower potential for carried interest. As described in more detail below, the Advisers have adopted allocation policies designed to treat all Funds fairly and equitably in accordance with the applicable partnership agreements.

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**ITEM 7 TYPES OF CLIENTS**

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The Advisers' clients are the ECP Advised Funds. The ECP Advised Funds may include investment partnerships or other pooled investment vehicles formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in ECP Advised Funds may include individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, principals or other employees of the Advisers.

Typically, the ECP Advised Funds require minimum investment amounts ranging from \$5 million to \$25 million, but such amounts may be and have been reduced with the prior agreement of an Adviser, subject to applicable legal requirements.

Fund interests are offered and sold generally to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended and (ii) "qualified clients" as defined under the Advisers Act or other "knowledgeable employees" of the Advisers.



## ***ITEM 8***      **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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The Advisers provide day-to-day investment advisory services to the Funds. The following is a summary of the investment strategies and methods of analysis generally used by Energy Capital on behalf of its Equity Funds and Mezzanine Fund. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable private offering materials and governing documents for each Fund. There can be no assurance that Energy Capital will achieve the investment objectives of each Fund and a loss of investment is possible.

### ***The Equity Funds***

#### *Investment Strategy*

In the Equity Funds, Energy Capital primarily focuses on making control investments in the North American marketplace in the power generation, electric transmission, gas storage and pipeline, electric and gas distribution and coal infrastructure sectors. Energy Capital believes that focusing primarily on investments where an Equity Fund will acquire voting control over the asset and/or the company managing the asset will enable the Advisers to optimize financing and risk management structures, operations and contracts, capacity arrangements, fuel purchasing or switching capabilities, expansion opportunities, exit strategies, recapitalizations and other value creation strategies. Also, such control will allow Energy Capital to take advantage of its expertise in ensuring that qualified and properly motivated management is in place at the portfolio companies to operate such assets.

#### *Method of Analysis*

The review and diligence effort for each potential transaction will be led by an Energy Capital principal and involve other senior team members as appropriate. The Energy Capital principal will be supported by a full team of Energy Capital investment professionals who may further retain outside experts, including legal, environmental, regulatory, and engineering specialists to supplement the internal diligence effort. Prior to an acquisition, the Advisers typically perform comprehensive due diligence on investment opportunities that appear to have a high likelihood of closing. Due diligence efforts may include in-depth market analysis (including forecasts for planned generation, transmission, fuel capacity as well as forecasted demand and customer usage), risk comparisons to other project types, technology assessments, legal and historical financial reviews, and environmental and operations assessments. Additionally, the team will analyze the financial returns of a potential investment under various scenarios and stress tests. Prior to the submission of any binding offer, and earlier as appropriate, transactions will be presented to Energy Capital's investment committee for evaluation. Projects have been and will continue to be evaluated based upon a number of criteria, including:

1. Expected return on investment in relation to target returns
2. Distribution of possible return outcomes in relation to target returns
3. Asset quality and location
4. Ability to manage commodity price risk
5. Capability of the management team

6. Ability to finance the asset
7. Potential for value enhancement
8. Environmental and regulatory risks
9. Potential exit strategies
10. Potential competition to acquire the asset
11. Probability of closing
12. Diversity of existing investments

#### *Specific Plan for Value Creation*

Prior to completing an acquisition, Energy Capital will consider and evaluate ways to create value at the acquired asset. Value creation will focus on a number of specific areas, including:

1. Enhancing and optimizing project financing and leverage
2. Reducing, as appropriate, and then actively managing commodity price risk over time
3. Reducing costs and improving operational productivity
4. Optimizing contractual relationships
5. Enhancing and monetizing any optionality embedded in assets
6. Expanding the capacity of assets acquired
7. Hiring proven general managers and other staff employees
8. Building strong relationships with customers, regulators and other industry participants

### ***The Mezzanine Fund***

#### *Investment Strategy*

In the Mezzanine Fund, Energy Capital intends to focus on mezzanine investments predominantly in the North American marketplace across the entire energy value chain inclusive of fossil and renewable power generation, electric transmission, midstream oil and natural gas, energy efficiency and conservation, environmental, and oil and natural gas exploration and production. Energy Capital intends to have limited control rights over day-to-day operations of the businesses in exchange for priority repayment ahead of most equity distributions. The Mezzanine Fund expects to incorporate covenants to protect its collateral interests including, but not limited to, covenants regarding asset sales, insurance and incurrence of debt or other secured and unsecured obligations.

#### *Method of Analysis*

The review and diligence effort for each potential transaction will be led by the mezzanine team and involve other Energy Capital team members as appropriate. While some of the third party reports and analysis will be prepared by the equity owners as part of the financing process, the Mezzanine Fund will retain its own outside experts, including legal, environmental, regulatory, and engineering specialists to supplement the internal diligence effort. Prior to an investment, the Advisers typically perform comprehensive due diligence on attractive investment opportunities that appear to have a high likelihood of closing. Due diligence efforts may include in-depth market analysis (including forecasts for planned generation, transmission, fuel capacity,

and reserves potential, as well as forecasted demand and customer usage), risk comparisons to other project types, technology assessments, legal and historical financial reviews, and environmental and operations assessments. Additionally, the team will analyze the financial returns of a potential investment under various scenarios and stress tests. Prior to the submission of any binding financing proposal, transactions will be presented to the Mezzanine Fund's investment committee for evaluation. Projects will be evaluated based upon a number of criteria, including:

1. Asset quality and location
2. Ability to manage or monetize commodity price risk
3. Capability of the management team
4. Quality and track record of the equity behind the project
5. Underlying credit quality and cash flow profile
6. Environmental and regulatory risks
7. Expected return on investment in relation to target returns
8. Distribution of possible return outcomes in relation to target returns
9. Possible exit scenarios
10. Potential competition to finance the asset
11. Probability of closing
12. Diversity of existing investments

#### *Specific Plan for Value Creation*

Prior to completing an investment, Energy Capital will consider and evaluate ways to create value related to the new transaction. Value creation will focus on a number of specific areas, including:

1. Developing a dialogue with the equity owners to assist on strategic initiatives for the asset or platform
2. Creating a return structure with equity components that are customized for each investment to enable upside sharing that is consistent with the objectives of the equity owners
3. Devising a plan to engage and advise on business milestones and critical strategic decisions
4. Customizing mezzanine terms consistent with development timelines by balancing current income with total return targets
5. Seeking longer call protection and/or attractive make whole provisions consistent with longer investment cycles prevalent in the energy sector
6. Monetizing or hedging any commodity price risk that may be part of the upside in a given investment

#### *Risks of Investment*

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. The discussion below enumerates certain risk factors that apply generally to an investment in one or more ECP Advised Funds. Prior to making any investment in an ECP

Advised Fund, investors should review the applicable Fund's private placement memorandum for additional information regarding risks and conflicts of interest specific to each Fund.

### *General Risks*

*Business Risks; Investment in Junior Securities.* The Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Fund's investments will be difficult to value. Also, securities in which the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. In general, there will be no collateral to protect an investment once made. The Fund's investments involve a high degree of business and financial risk that can result in substantial losses.

*Concentration of Investments.* The Fund will participate in a limited number of investments and intends to make most of its investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity and mezzanine transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay annual management fees during the commitment period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the annual management fee payable to an Adviser) may exceed its income, thereby requiring that the difference be paid from the Fund's capital.

*Leveraged Investments.* The Fund may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company or project. Leverage can magnify both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit market conditions are adverse, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage at the Fund level will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. Leverage at the portfolio company (or project level) often imposes restrictive

financial and operating covenants, in addition to the burden of debt service, and may impair the ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies and projects will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company or project cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested, which could adversely affect the returns of the Fund.

Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

The Fund may make contingent funding commitments to its portfolio companies and provide credit support for such obligations. Such credit support may take the form of a guarantee, a letter of credit or a pledge of a portion of the Fund's commitments to a lender. Such funding commitments may be secured by an assignment of an Adviser's rights to draw down capital from the limited partners. It is possible that the limited partners will be required to acknowledge and consent to any such pledge and provide certain information and/or legal opinions as required by the lender. An Adviser may be required to segregate unfunded commitments sufficient to satisfy the Fund's obligations with respect to any such credit support. Utilization of the credit support will result in fees, expenses and interest costs to the Fund, and may result in an underutilization of the Fund's capital. In the event that one or more limited partners fail to satisfy a drawdown or otherwise default on their contribution obligations pursuant to any such credit support, such amount would be drawn from non-defaulting limited partners.

*Distributions in Kind.* Although the Fund intends to make distributions in cash under normal circumstances, it is possible that under certain circumstances (including the liquidation of the Fund) distributions may be made in kind and could consist of assets or securities for which there is no readily available public market.

*Reliance on the Advisers and Portfolio Company Management.* Control over the operation of the Fund will be vested entirely with the Advisers, and the Fund's future profitability will depend largely upon the business and investment acumen of the principals and other members of the Energy Capital team. The loss of service of one or more of the Energy Capital principals could have an adverse effect on the Fund's ability to realize its investment objectives. Although the Advisers will monitor the performance of each fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

*Projections.* Projected operating results of a company or a development project in which the Fund invests may be based on financial projections. Projections are only estimates of future results that are based upon information received from the company and assumptions made at the

time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Conflicting Investors Interests.* The Funds or the investors in such Fund may have conflicting investment, tax, and other interests with respect to an investment in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. There can be no assurance that the Advisers will resolve all conflicts of interest in a manner that is favorable to a particular ECP Advised Fund.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (which portfolio company may not be able to access other sources of funding on favorable terms or at all) or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

*Non-United States Investments.* Subject to certain restrictions, the Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations, the application of complex United States and non-United States tax rules to cross-border investments, possible imposition of non-United States taxes on the Fund and/or the partners with respect to the Fund's income, and possible non-United States tax return filing requirements for the Fund and/or the partners. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-United States jurisdiction. Moreover, non-United States companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to United States companies.

*Non-controlling Investments.* The Fund may hold minority stakes in privately held companies. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

*Potential for Early-Stage and Start-Up Investments.* The Fund may make investments in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment

alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Fund will be successful.

*Investment in Restructurings.* The Fund may make investments in restructurings that involve portfolio companies or projects experiencing, or are expected to experience, financial difficulties. Such financial difficulties may never be overcome. Such investments could subject the Fund to certain additional potential liabilities that may exceed the value of the Fund's original investment therein. For example, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, payments to the Fund and distributions by the Fund to the limited partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Bridge Financings.* From time to time, the Fund may lend to portfolio companies or provide project financing on a short-term, secured or unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in the Fund's control, such issuance of long-term securities or other refinancing may not occur and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

*Co-Investment Opportunities.* The Fund may co-invest with certain limited partners and/or other third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement. For example, a third-party co-venturer may experience financial difficulties resulting in a negative impact on such investment or may have economic or business interests or goals that are inconsistent with those of the Fund. In addition, a third-party co-venturer may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives.

*Failure to Make Capital Contributions.* If a limited partner defaults on its obligations to contribute capital to the Fund when due, and the contributions made by non-defaulting limited partners and borrowings by the Fund, if any, are inadequate to cover such defaulted capital contribution, the Fund may be unable to consummate an investment on a timely basis (if at all) or pay its obligations when due, and its ability to execute on its investment strategy or to otherwise continue operations may be impaired. As a result, the Fund may be subjected to significant penalties (or other adverse consequences) that could affect the returns to the limited partners (including non-defaulting limited partners) in a materially adverse manner. A default by a substantial number of limited partners would limit opportunities for investment diversification and would likely negatively affect the Fund's economic results.

*Dilution.* Limited partners admitted to the Fund at subsequent closings will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this

contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

*Advisers' Carried Interest.* The fact that the Advisers' carried interest is based on a percentage of net profits may create an incentive for an Adviser to cause the Fund to make riskier or more-speculative investments than otherwise would be the case.

*Director Liability.* The Fund will often obtain the right to appoint a representative to the board of directors of the companies in which it invests. Serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*Contingent Liabilities on Disposition of Investments.* In connection with the disposition of a portfolio company, the Fund may be required to make representations and warranties about the business and financial affairs of such company and/or its assets typical of those made in connection with the sale of a business or a portfolio of assets. The Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations and warranties are inaccurate. These arrangements may result in the occurrence of contingent liabilities for which the Advisers may need to establish reserves or escrows. Limited partners may be required to return amounts distributed to them to fund such obligations of the Fund, subject to certain limitations set forth in the partnership agreements. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each limited partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

*Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate, and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, is currently restricted due to generally adverse credit market conditions. This may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions, reducing the accuracy of the financial projections. Furthermore, such uncertainty may have an adverse effect upon the portfolio companies in which the Fund makes investments.

### ***Risks Relating to Making and Holding Energy Sector and Infrastructure Investments***

*Operating Risk.* The Fund may invest in operating facilities. Operation of such facilities involves certain operational risks, which include: the possibility of performing below expected levels of output, availability or efficiency; interruptions in fuel or other necessary supplies; increases in the cost of fuel or other necessary supplies; pipeline disruptions; disruptions in the



offtake of steam or electrical energy; power shutdowns; breakdown or failure of equipment or processes; accidental discharges of hazardous materials; labor disputes; changes in law; failure to obtain or maintain necessary governmental permits; or catastrophic events such as fires, earthquakes, lightning, explosions, hurricanes, tornados, floods or similar occurrences affecting a facility owned by the Fund or its power purchasers, steam purchasers, fuel suppliers or fuel transporters.

*Development Risk.* The Fund may invest in projects and facilities at an early stage of development, involving risks of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits; (ii) financing; and (iii) suitable equipment supply, operating and offtake contracts. These projects involve additional uncertainties, including the possibility that the projects may not be completed, operating licenses may not be obtained, and permanent financing may be unavailable. Further, there is no assurance that these projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

*Construction Risk.* The Fund's investments may involve significant construction risk, including the risk of substantial delay or increase in cost due to a number of unforeseen factors, including: political opposition; regulatory and permitting delays; delays in procuring sites; equipment; labor disputes; lawsuits and other disputes; environmental issues; force majeure; or failure by one or more of the infrastructure investment participants to perform in a timely manner (or at all) its or their contractual, financial or other commitments. New facilities have no operating history and may employ recently developed or technologically complex equipment that may take time to operate at peak levels of output and efficiency. A material delay or increase in cost not absorbed by other participants in the transaction could significantly impair the financial viability of an infrastructure investment project and result in a material adverse effect on the Fund's investment therein.

*Changes in the Utilities Industry.* The Fund may make investments in the electric utility industry (and related industries and markets) both in the United States and abroad. A number of countries, including the United States, are considering or implementing methods to introduce and promote competition with respect to both supply and demand. To the extent competitive pressures increase and the pricing and sale of electricity assume more characteristics of a commodity business, the economics of independent power generation projects (and other energy projects) into which the Fund may invest may come under increasing pressure. If restructuring of the electric energy markets is reversed, discontinued, or delayed, this could have an adverse effect on the projects into which the Fund may invest.

*Renewable Energy.* The Fund may make investments in renewable energy projects. The market for renewable energy is emerging and rapidly evolving, and its future success is uncertain. If renewable energy technology proves unsuitable for widespread commercial deployment or if the demand for renewable energy products fails to develop sufficiently (including as a result of changes in market conditions, such as a decrease in the price of fossil fuels), the Fund's investments in renewable energy projects may be adversely affected. While renewable energy projects currently enjoy wide support from state and local governments and regulatory agencies, there is no assurance that such support will continue in the future and any reduction or elimination of governmental support will have an adverse effect. For example, many

renewable energy projects cannot be economically developed and constructed without the United States federal incentives like the Production Tax Credit (“PTC”), the Investment Tax Credit (“ITC”), and the Treasury cash grant. Under current regulations, in order to qualify for the PTC, wind projects must be placed in service on or before December 31, 2012, and all other eligible technologies must be placed in service on or before December 31, 2013. In order to qualify for the ITC, projects (other than geothermal) must be placed in service by December 31, 2016. For cash grant eligibility, large wind projects must be placed in service by December 31, 2012, biomass, geothermal, landfill gas, municipal solid waste, hydroelectric, marine and hydrokinetic projects by December 31, 2013, and solar and small wind projects, among others, by December 31, 2016. Without an extension of the expiration dates of these incentive programs, renewable energy projects may not be economically feasible to develop and construct. In addition to the PTC, ITC, and Treasury cash grant, renewable energy projects rely on other incentives that support the sale of energy generated from renewable sources, including state adopted renewable portfolio standard programs, which vary among states, but generally require utilities to purchase a minimum percentage or base amount of electricity from specified renewable energy sources for a given period of time.

*Adequacy and Availability of Insurance; Catastrophic Events.* The Fund intends to use insurance and other risk management products (to the extent available on commercially reasonable terms) when making infrastructure investments in order to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance. However, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation of assets. In addition, certain losses of a catastrophic nature, such as those caused by wars, earthquakes, hurricanes, tornados, floods, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the Fund’s profitability. In general, losses related to terrorism are becoming harder and more expensive to insure against, and most insurers are excluding terrorism coverage from their all-risk policies. As a result, it is unlikely that any of the Fund’s investments will be insured against damages attributable to acts of terrorism (or certain other losses of a catastrophic nature). If a major uninsured loss were to occur with respect to an investment, the Fund could lose both its capital invested in and anticipated profits related to such investment.

*Commodity Risk; Price Volatility.* The Fund’s investments may be subject to commodity price risk, including, without limitation, the price of electricity and the price of fuel. Historically, the markets for oil, gas, coal and power have been volatile, and such markets are likely to continue to be volatile in the future. The operation and cash flows of the Fund’s investments will depend, in substantial part, upon prevailing market prices for energy commodities. These market prices may fluctuate materially depending upon a wide variety of factors that are beyond the control of the Advisers or the Fund, including, without limitation, seasonality and weather conditions, market supply and demand, technological changes, force majeure (including earthquakes, hurricanes, tornados and floods), changes in law, the refining capacity of crude oil purchasers, domestic and foreign governmental regulations, the price and availability of alternative fuels and energy sources, the availability of fuel transportation and electric transmission facilities, political conditions in the Middle East and other oil and natural gas producing regions, terrorist acts or threats thereof, actions of the Organization of Petroleum

Exporting Countries (and other oil and natural gas producing nations), the foreign supply of (and demand for) oil and natural gas, the price of foreign imports, coal supplies and rail capacity, and overall economic and market conditions.

*Regulatory Approvals; Permits.* Portfolio companies are expected to be required to comply with numerous federal, state and local statutory and regulatory standards, including those related to air emissions, water discharge, waste disposal, the environment and safety and health, and to maintain numerous permits and approvals required for its operation. Compliance with these various regulations may cause portfolio companies to incur significant costs and may impact almost every aspect of the business of the portfolio companies. In addition, the Fund may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular portfolio companies or assets. For example, certain of the Fund's investments may be subject to Federal Energy Regulatory Commission approval under the United States Federal Power Act or the United States Natural Gas Act. If the Fund is unable to obtain required consent or approval, it may be unable to enter into transactions or to structure transactions in ways that are optimal for the Fund or particular the Fund vehicles.

The Fund may invest in portfolio companies it believes have obtained all material energy-related federal, state, local or non-United States approvals and permits required as of the date thereof to acquire and operate its facilities. However, such approvals and permits may be subject to conditions and there is no assurance that portfolio companies will be successful in meeting such conditions. A failure to satisfy such conditions could prevent the operation of certain facilities or result in additional costs to the portfolio companies, which may adversely affect the Fund's investment results. There can be no assurance that a portfolio company will be able: (i) to obtain all required regulatory approvals and permits; (ii) to obtain any necessary modifications to existing regulatory approvals and permits; or (iii) to renew and otherwise maintain required regulatory approvals and permits. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals and permits (or amendments thereto) or delay or failure to satisfy any regulatory conditions or other applicable requirements (which may change over time), could prevent operation of a facility or sales of such facility to third parties, or could result in additional costs to a portfolio company and adversely affect the Fund's investment results.

*Regulatory Changes.* A portfolio company could be materially and adversely affected as a result of statutory or regulatory changes or changes in judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company or such company's industry generally. For example, environmental laws regulating infrastructure projects could become more restrictive, as governments aim to limit the impact of infrastructure on local wildlife and natural resources and reduce the emissions of greenhouse gases. Such changes could adversely affect the performance of one or more of the Fund's investments. Moreover, additional regulatory approvals, including without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in the companies' customer(s), or for other reasons. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or additional potential liabilities. A portfolio company also could be materially and adversely affected by regulations that have been vacated by court decisions. Several United States federal environmental programs, including the Clean

Water Act rules regarding cooling water intake structures, the Clean Air Mercury rule, and the Clean Air Interstate rule, have been fully or partially vacated by the courts. The United States Environmental Protection Agency (“USEPA”) finalized its Mercury and Air Toxic Standards under a consent decree to replace the Clean Air Mercury Rule on December 16, 2011. USEPA also issued its Cross-State Air Pollution Rule (“CSAPR”) replacing the Clean Air Interstate Rule on July 7, 2011 as proposed technical revisions in October 2011. Additionally, in a separate, but related, regulatory action, USEPA finalized a supplemental rulemaking on December 15, 2011 to require five states – Iowa, Michigan, Missouri, Oklahoma and Wisconsin – to make summertime NOX reductions under the CSAPR ozone season control program. The United States Court of Appeals for the D.C. Circuit issued a ruling to stay the CSAPR pending judicial review on December 30, 2011. As a result, there is considerable uncertainty as to how these programs will be modified and ultimately implemented. Such revisions could alter the competitive landscape and/or the nature of the markets that the portfolio company operates in a material and adverse manner to such portfolio company.

*Environmental Impact Risks.* Large-scale infrastructure projects in which the Fund intends to invest may have a significant impact on their local environments, or be particularly susceptible to events or changes in those environments or to requirements of political or administrative authorities in respect of their environmental impact. In addition, an owner of an infrastructure asset may be liable for past and future damages caused by environmental emissions or releases located on or emitted from or otherwise attributable to the asset, as well as for the costs of remediation and, in some circumstances, fines, penalties or other sanctions. Such liabilities could exceed the value of the infrastructure asset at issue and could result in claims against the owner that would result in the loss of other assets of the owner. While the Advisers will endeavor to acquire infrastructure assets that do not present a material risk of such liabilities, environmental liabilities may arise as a result of factors, including changes in laws or regulations and the existence of conditions that were unknown at the time of acquisition or operation or are beyond the control of the Advisers.

*Regulation of Greenhouse Gases.* Increased public concern and mounting political pressure may result in more international, United States federal or United States regional requirements to reduce or mitigate the effects of greenhouse gases (“GHGs”). For example, states in the Northeast United States, under the Regional Greenhouse Gas Initiative (“RGGI”), have implemented rules to stabilize and reduce emissions of GHGs. RGGI allows each state flexibility in the distribution of its carbon dioxide allocations. California is also in the process of adopting and implementing GHG emission regulations pursuant to California’s Global Warming Solutions Act of 2006, including the adoption of final regulations in October 2011 implementing California’s cap-and-trade program covering major sources of GHG emissions in California. California’s cap-and-trade program started January 1, 2012, with an enforceable compliance obligation beginning with 2013 GHG emissions. The California program includes an enforceable GHG cap and California’s Air Resources Board will distribute allowances equal to the emission allowed under the cap. In addition, the United States Supreme Court in *Massachusetts v. Environmental Protection Agency*, ruled that the United States Clean Air Act (“CAA”) authorizes federal regulation of GHGs. USEPA has adopted regulations regarding GHG emissions under its existing CAA authority. For example, in 2009, USEPA adopted rules regarding regulation of GHG emissions from motor vehicles, and issued a final rule requiring the mandatory reporting from specified large GHG emission sources in the United States beginning

in 2011 for emissions occurring in 2010. In June 2010, USEPA also issued a final rule, known as the “Tailoring Rule,” that makes certain large stationary sources and modification projects subject to permitting requirement for GHG emissions under CAA. While the Advisers will endeavor to take into account existing and anticipated future applicable GHG regulation in its investment decisions, changes in the regulation of GHGs could impact a portfolio investment or make future investments undesirable.

*Governmental Contract Risk.* To the extent that the Fund invests in infrastructure assets that are governed by concession agreements with national, provincial or local authorities, there is a risk that these authorities may not be able to honor their obligations under the agreement, especially over the long term. The leases or concessions may also contain clauses more favorable to the governmental counterparty than a typical commercial contract and may restrict the Fund’s ability to operate the investment in a way that maximizes cash flows and profitability. Governments typically have considerable discretion in implementing regulations that could impact these businesses, may be influenced by political (rather than just economic) considerations and may make decisions that adversely affect the Fund’s investments.

*Use of Derivatives and Other Specialized Techniques.* Companies in the energy and power industry engage in derivatives transactions and other hedging techniques to insulate against a number of risks, including commodity price risk, exchange rate risk and interest rate risk. The Fund and/or its portfolio companies may engage in other derivative or similar transactions. These transactions may involve the purchase and sale of commodities or commodity futures, the use of forward contracts, swap agreements, put and call options, floors, collars or other arrangements.

Such instruments may be difficult to value, may be illiquid and may be subject to wide swings in valuation caused by changes in the price of commodities or other underlying assets or market conditions. Derivative instruments may trade principally on markets organized outside the United States and markets for derivative instruments may be illiquid, highly volatile and subject to interruption. Suitable hedging instruments may not continue to be available at reasonable cost. The investment techniques related to derivative instruments are highly specialized and may be considered speculative. Such techniques often involve forecasts and complex judgments regarding relative price movements and other economic developments. The success or failure of these investment techniques may turn on small changes in exogenous factors not within the control of portfolio companies, the Advisers or the Fund. For all the foregoing reasons, the use of derivatives and related techniques can expose the Fund and its portfolio companies to significant risk of loss.

In addition, recent regulations, including those under the Dodd Frank Wall Street Reform and Consumer Protection Act, could make certain markets less liquid and increase the costs of hedging the commercial risks of the Fund or its portfolio companies.

*Broken Deal Expenses.* Investments in the energy industry often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include feasibility and technical studies, preliminary engineering and marketing studies, and legal and environmental review, any or all of which may entail significant third-party expenses. In the

event that an investment is not consummated, the Fund may bear some or all of such third party expenses and any termination fees.

*Ability to Exit Investments.* Individual investments in infrastructure assets tend to be large due to the general nature and size of such assets (such as power plants, transmission lines, distribution properties or gas storage and pipeline facilities). Infrastructure assets may have unique geographic and market characteristics (and may be subject to political, regulatory and public opinion considerations), which could make them highly illiquid. The Fund may acquire portfolios of assets that are not easily separated into individual asset acquisitions or dispositions.

Accordingly, the Fund's investments may be quite sizeable. There are limited pools of capital available in the sector that can make sizeable investments and limited numbers of market participants. As a result, the potential exits from these investments may be limited and there can be no assurance that the Fund will be able to realize its investments on favorable terms, in a timely manner or at all. Moreover, the realizable value of a highly illiquid investment may be less than its intrinsic value.

### ***Additional Risks for the Mezzanine Fund***

*Leveraged Nature of Mezzanine Investments.* The projects and portfolio companies in which the Mezzanine Fund invests may be highly leveraged, thereby increasing the degree of credit risk inherent in each Mezzanine Fund investment. Leverage often imposes restrictive financial and operating covenants on a borrower, in addition to the burden of debt service, and may impair a project's ability to finance future operations and capital needs or to pay principal and interest on the Mezzanine Fund's investments when due. The leveraged capital structure of projects and portfolio companies will increase the exposure of the Mezzanine Fund's investments to any deterioration in a project's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. The Mezzanine Fund's investments may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any project or portfolio company cannot generate adequate cash flow to meet debt service, the Mezzanine Fund may suffer a partial or total loss of capital invested in the project or portfolio company, which could adversely affect the returns of the Mezzanine Fund. Furthermore, the securities in which the Mezzanine Fund will invest generally will not be rated by a credit rating agency.

*Non-controlling Investments.* The Mezzanine Fund anticipates that it will principally hold debt obligations and other non-controlling interests in projects and, therefore, will have a limited ability to protect the Mezzanine Fund's position in such projects. However, the Advisers will seek such creditor and shareholder rights as it deems appropriate to help protect the Mezzanine Fund's interest.

*Insolvency Considerations.* Any investments held by the Mezzanine Fund may be subject to various laws enacted in the home country, jurisdiction or state of the applicable borrower for the protection of creditors. Insolvency considerations may differ depending on the jurisdiction in which each borrower is formed and/or located and may differ depending on whether the borrower is a non-sovereign or a sovereign entity. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower entity, such as a trustee in

bankruptcy, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such investment and, after giving effect to such indebtedness, the borrower: (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such borrower constituted unreasonably low capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. There can be no assurance as to what standard a court would apply in order to determine whether the borrower was “insolvent” after giving effect to the incurrence of the indebtedness constituting the investment, or that, regardless of the method of valuation, a court would not determine that the borrower was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of a borrower, payments made on the applicable loan could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year and one day) before insolvency. In addition, if a borrower is the subject of a bankruptcy proceeding, payments to the Mezzanine Fund with respect to such investment may be delayed or diminished as a result of the exercise of various powers of the bankruptcy court, including, without limitation, the following: (A) an “automatic stay,” under which the Mezzanine Fund will not be able to institute proceedings or otherwise enforce its rights against the borrower or obligor with respect to the Mezzanine Fund’s investment without permission from the court; (B) conversion by the bankruptcy court of the Mezzanine Fund’s investment into more junior debt or into an equity obligation of the borrower or obligor; (C) modification of the terms of the Mezzanine Fund’s investment by the bankruptcy court, including, without limitation, reduction or delay of the interest or principal payments thereon; and (D) grant of a priority lien to a new money lender to the borrower or obligor on the applicable loan.

*Lender Liability Considerations; Equitable Subordination.* A number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although the Mezzanine Fund does not intend to engage in conduct that it expects would form the basis for a successful cause of action based upon lender liability, the potential for such a cause of action exists. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Although the Mezzanine Fund does not intend to engage in conduct that it expects would form the basis for a successful cause of action based upon the equitable subordination doctrine, the potential for such a cause of action exists. The preceding discussion

is based upon principles of United States federal and state laws. Insofar as subsidiaries of the Mezzanine Fund or investments are formed under the laws of non-United States jurisdictions, the laws of such non-United States jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

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***ITEM 9*      **DISCIPLINARY INFORMATION****

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The Advisers and their management persons have not been subject to any material legal or disciplinary events.

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***ITEM 10*      **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****

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ECP Management is affiliated with other Energy Capital management companies that are registered investment advisers in accordance with SEC guidance under the Advisers Act pursuant to ECP Management's registration. These relying advisers are:

Energy Capital Partners Management II, LP  
Energy Capital Partners Mezzanine Management, LP

Additionally, ECP Management is affiliated with other Energy Capital general partners that are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to ECP Management's registration. These general partners are:

Energy Capital Partners GP I, LLC  
Energy Capital Partners GP II, LP  
Energy Capital Partners Mezzanine GP, LP  
Energy Capital Partners GP Co-Investment, LLC  
Energy Capital Partners GP II Co-Investment (Summit), LLC  
Energy Capital Partners SLP I, LP  
Energy Capital Partners SLP I-A, LP

These affiliated investment advisers operate as a single advisory business together with ECP Management and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. All of these Advisers are under common control and subject to Energy Capital's code of ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.



**ITEM 11      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS  
AND PERSONAL TRADING**

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***Code of Ethics***

The Advisers have adopted a Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of the Advisers’ principals and employees and addresses conflicts that may arise from personal trading. The Code requires Energy Capital personnel to report their personal securities transactions, requires pre-clearance for Energy Capital personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and, with limited exceptions, in other securities, without first obtaining approval from the Energy Capital Chief Compliance Officer. A copy of the Code will be provided to any client, prospective client or any investor in an ECP Advised Fund upon request to Chris Leininger, Energy Capital’s Chief Compliance Officer, at [compliance@ecpartners.com](mailto:compliance@ecpartners.com).

Energy Capital or its personnel may, from time to time, come into possession of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Advisers and their personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or their principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers are prohibited from communicating such information to clients, and the Advisers have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers’ personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

***Participation or Interest in Client Transactions***

When two or more fund vehicles are formed as part of the same Fund for making the same investments the Advisers will allocate investments made by such fund vehicles based on their relative partners’ commitments, subject to any limitations in the applicable partnership agreements.

Additionally, the Funds may invest together with other ECP Advised Funds, subject to limitations set forth in the applicable partnership agreements, however, the Mezzanine Fund is prohibited from investing in any securities owned by an Equity Fund. The Advisers will determine allocations of investment opportunities in a manner that they believe is fair and equitable to the Funds consistent with the Advisers’ obligations to each such Fund, including as set forth in the partnership agreement and the Advisers’ allocation policy. Where necessary, the Advisers consult and receive consent to conflicts from an advisory committee consisting of limited partners of the Fund or Funds subject to any conflict of interest.

The Advisers serve as investment managers to certain co-invest vehicles that invest alongside the Funds in certain portfolio companies. Certain affiliates and personnel of Energy Capital, third party investors and other persons may be permitted to participate in the co-invest vehicles or in some cases co-invest directly in a particular portfolio company. The Advisers will select which investors or other persons are permitted to co-invest based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and any other reason for including such investor or person. In circumstances where an entire investment could be made by a Fund, an Adviser may still allocate a portion of such investment to one or more co-invest vehicles in accordance with such Fund's partnership agreement and the Advisers' allocation policy.

### ***Personal Trading***

The principals and employees of the Advisers may carry on personal investment activities for their own account and for family members or others who do not invest in the Funds. The investment advice that such principals and employees give to such persons may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

## ***ITEM 12*      **BROKERAGE PRACTICES****

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Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities on behalf of a Fund, the applicable Adviser is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by such Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including, among other things: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

No Adviser has any duty or obligation to seek competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although each Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them,

although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

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***ITEM 13***      **REVIEW OF ACCOUNTS**

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The Advisers closely monitor the ECP Advised Funds' portfolio investments. Energy Capital principals serve on the investment committee of the Advisers and work closely with other Energy Capital professionals to oversee and monitor the operations, financial performance and strategic direction of each portfolio investment. The investment committee as a whole performs comprehensive quarterly reviews. A subset of the investment committee, together with other Energy Capital professionals, comprise the Advisers' valuation committee that reviews and approves the quarterly valuation of each portfolio investment.

The Funds provide the following information to their investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) quarterly reports providing a narrative summary of the status of each investment. In addition to the information provided to all investors, the Advisers may provide certain investors with additional information or more frequent reports that other investors will not receive.

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***ITEM 14***      **CLIENT REFERRALS AND OTHER COMPENSATION**

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The Advisers may provide certain business or consulting services to the Funds' portfolio companies and may receive compensation from these companies in connection with such services. As described in the partnership agreement and Item 5 "*Fees and Compensation*" above, at least eighty percent of this compensation offsets the management fees payable by the Funds.

From time to time, the Advisers may enter into placement arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in an ECP Advised Fund. Fund I does not have any remaining placement agent payment obligations. With respect to Fund II and the Mezzanine Fund, any fees and expenses payable to any such placement agents will borne by the Advisers, either directly or indirectly through a dollar-for-dollar offset against the management fee as described in Item 5 "*Fees and Compensation*," above. Such placement arrangements may be a flat fee or based on a percentage of commitments to a particular Fund.

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***ITEM 15***      **CUSTODY**

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The Advisers use a qualified, unaffiliated third-party custodian to hold the required assets of the Funds in accordance with current SEC standards and guidance. Although ECP Management is deemed to have custody of the underlying assets of many of the Funds, the

Advisers rely on the “pooled investment vehicles” exemption from the reporting and surprise audit obligations imposed by the SEC’s custody rule. Accordingly, the Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. The audited financial statements are then provided to the underlying investors of Funds within 120 days of the end of the fiscal year.

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***ITEM 16***      **INVESTMENT DISCRETION**

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The Advisers generally have discretionary authority to manage investments on behalf of each Fund pursuant to the respective partnership and management agreements. The Advisers assume this discretionary authority pursuant to the terms of the applicable partnership agreements, management agreements and powers of attorney executed by the limited partners of the Funds.

As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement, however, the Advisers may enter into side letters with certain limited partners whereby the terms applicable to such limited partner’s investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

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***ITEM 17***      **VOTING CLIENT SECURITIES**

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The Advisers have adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how they vote proxies for any ECP Advised Fund’s portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies in the best interest of the Funds, including where there may be material conflicts of interest. The Advisers believe its interests are aligned with those of the Funds’ investors through the Advisers’ and their principals’ substantial capital commitment to the Funds, and therefore will not seek investor approval or direction when voting proxies. However, the Proxy Policy sets forth certain specific proxy voting guidelines for when the Advisers do vote proxies on behalf of a Fund.

The Advisers do not consider service on portfolio company boards by Energy Capital personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In the event that there is a conflict of interest between an Adviser and a Fund in voting proxies, the Proxy Policy provides that the Adviser addresses the conflict using certain procedures, including by seeking the approval or concurrence of the Fund’s limited partner advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

A copy of the Advisers’ Proxy Policy will be provided to any client, prospective client or any investor in an ECP Advised Fund upon request to Chris Leininger, Energy Capital’s Chief Compliance Officer, at [compliance@ecpartners.com](mailto:compliance@ecpartners.com).

***ITEM 18***      **FINANCIAL INFORMATION**

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None of the Advisers requires prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure. None of the Advisers has been the subject of any bankruptcy petition.