

Memorandum

From: StepStone Group (“StepStone”)
To: Employees’ Retirement System of Rhode Island (“ERSRI”) Investment Committee
Date: March 17, 2025
Subject: Investment in Energy Capital Partners VI

Recommendation

StepStone recommends that the State Employees’ Retirement System Investment Committee approve a commitment to Energy Capital Partners VI (“ECP VI”, or the “Fund”) of up to US\$30 million for ERSRI and up to US\$2 million for OPEB at the March 25th Investment Committee meeting.

This recommendation is made solely within the context of ERSRI and OPEB’s investment guidelines and is given solely for the benefit of ERSRI and OPEB.

Key investment highlights supporting the opportunity are as follows:

- Experienced and Cohesive Senior Investment Team
- Power Generation Expertise
- Strong Performance Across Recent Vintages

Overview

Founded in 2005 by Doug Kimmelman, Energy Capital Partners (“ECP”, the “Firm”) is one of the largest energy & energy transition focused investment management firms with more than ~US\$21 billion in assets under management¹. Since inception, the Firm has raised five energy infrastructure funds, and is currently raising ECP VI (collectively, the “Flagship Funds”), targeting a size of US\$5 billion.

ECP has ~100 total professionals and is led by Mr. Kimmelman, with the support of Managing Partners, Peter Labbat and Tyler Reeder (together, the “Senior Partners”). ECP has 44 investment professionals dedicated to the Flagship Funds and other equity investments (the “Investment Team”), including 17 senior professionals (the “Senior Investment Team”).

The Fund targets a gross/net IRR of 20-22%/15-18% across 10-15 investments in opportunities in Electricity Infrastructure and Sustainability Infrastructure, with a primary focus on opportunities in North America.

ECP has invested ~US\$16 billion across its Flagship Funds, achieving a gross TVM/IRR of 1.8x/14% and a 1.5x/9% net TVM/IRR, as of September 30th, 2025 (the “Reporting Date”), with a loss ratio of 15% attributed to exposure to natural gas prices, which negatively impacted the Firm’s midstream investments, and undertaking significant greenfield risk in the Firm’s early vintages. The Firm has had strong recent performance with Energy Capital Partners IV and Energy Capital Partners V (“ECP V”) generating a gross TVM/IRR of 2.1x/23% and 1.6x/45%, respectively, with only a 2% loss ratio at ECP V.

The Fund has a six-year investment period and fund life of 10 years with a one-year extension at the GP’s discretion. The Fund will charge a headline management fee of 1.50% p.a. committed/invested capital during and post the investment period, and performance fee of 20% carried interest over an 8% preferred return and 100% GP catch-up subject to a European waterfall.

¹ Figures reflect Flagship Funds AUM as of September 30, 2025.

StepStone Due Diligence

StepStone's due diligence on the Fund was led by Matthew Moreno, Nicolas Hart-Pallavicini, and Matthew Greenberg, and supported by StepStone's broader Infrastructure & Real Assets team. The Fund was reviewed and approved by StepStone's Investment Committee considering the context of the Employees' Retirement System of Rhode Island's Private Real Assets (excl. Real Estate) investment objectives. Key diligence items included:

- Consideration of portfolio fit within the ERSRI and OPEB Private Real Assets (excl. Real Estate) portfolio, including a review of other available opportunities
- Meetings with the Firm's senior investment professionals
- A review of the Firm's strategy and track record, including a review of drivers of historical returns
- Detailed operational due diligence

Disclaimer

This recommendation is provided solely for the benefit of the Employees' Retirement System of Rhode Island and OPEB and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives and circumstances may not be the same as those of ERSRI or OPEB. The scope of this recommendation is limited to the investment thesis as previously outlined. StepStone does not provide legal or other non-related investment advice.

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