



The Second U.S-China Energy Efficiency Forum

Energy Efficiency Financing

Cisco DeVries | May 6, 2011

RENEWABLE  FUNDING



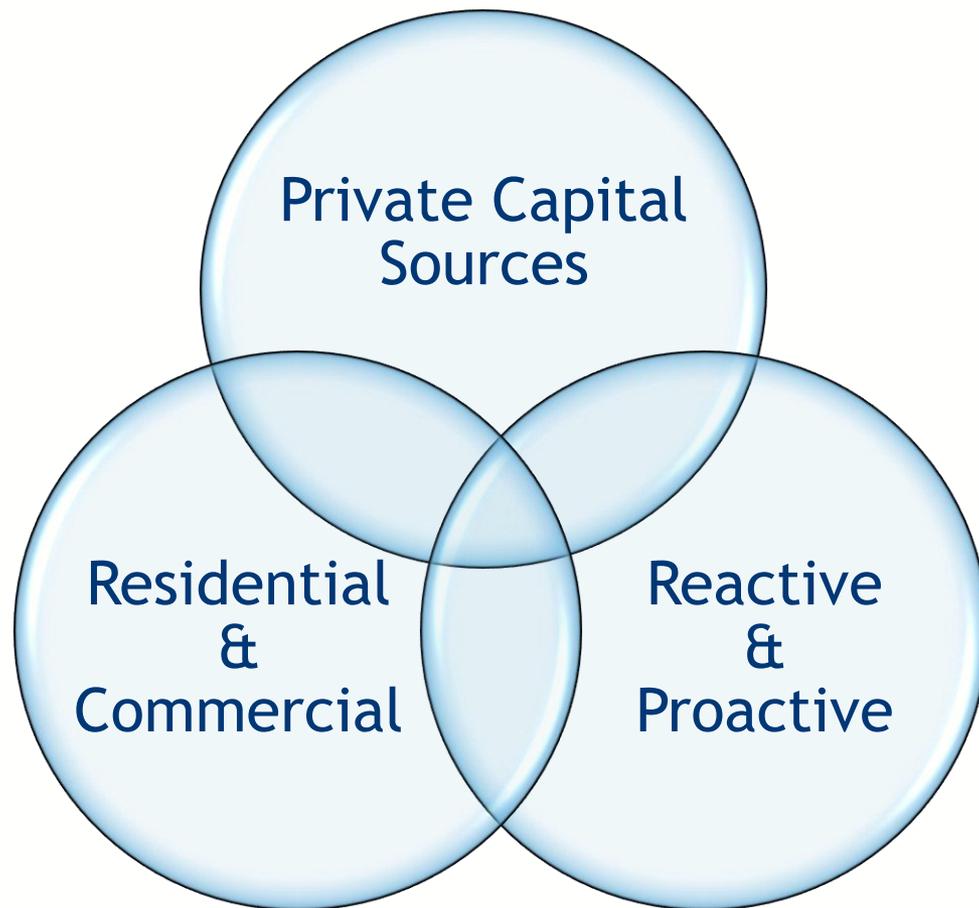


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Goals for Financing Program

- ✦ Supports highly leveraged private capital
- ✦ Serves residential and commercial markets
- ✦ Supports reactive and proactive projects





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Property Assessed Clean Energy (PACE)

City or county creates type of land-secured financing district or similar legal mechanism



Property owners voluntarily sign-up for financing and install energy projects



Proceeds from revenue bond or other financing provided to property owner to pay for energy project



Property owner repays bond through property tax bill (up to 20 years)





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Commercial PACE Benefits

- **No or Low Upfront Costs.** Removes high first cost barrier to investment.
- **Very Secure.** Provides investors with repayment security through priority of tax lien.
- **Minimizes “holding period bias”.** Assessment stays with the property, not the owner.
- **Addresses “split incentives”.** Property tax assessments may qualify as “pass-through expenses.”

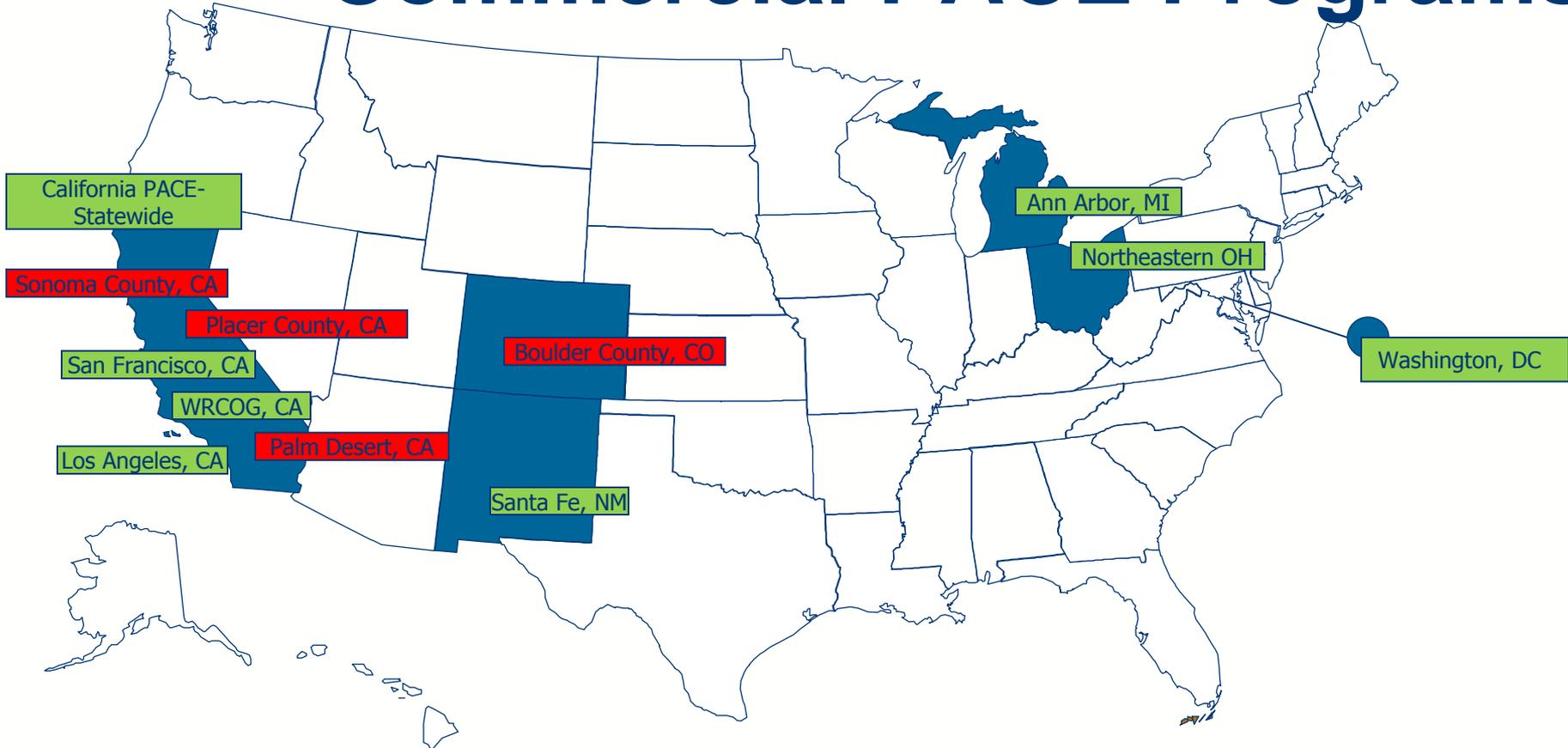


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Commercial PACE Programs



Emerging Commercial PACE Program



Existing Commercial PACE Program



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Existing PACE Programs

Summary of Approved Projects

# Programs	Approved Projects	Total Approved Funding	Ave Project Size	Project Size Range
4	71	\$9.7mm	\$138k	\$2k - \$2.3mm

- Nature of improvements (e.g., energy efficiency, solar, or other renewables) varied widely by program, likely due to different climates, incentives, etc.



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Sonoma County, CA Program

- ❖ Nation's largest PACE program
 - \$40+ million disbursed
 - 1,300+ properties

- ❖ Tax delinquencies are 50%+ lower on PACE homes





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PACE International

- The PACE model is expanding abroad
 - Program launched in Australia
 - Programs in development in Canada
 - Active exploration in France, India, Netherlands, and others
- Melbourne: 1200 Buildings Program
 - Commercial “Energy Upgrade Charge” financing available to meet goal of retrofitting 1200 commercial and multifamily buildings in the City of Melbourne
 - Strategic partnership between the City and the Sustainable Melbourne Fund



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Upcoming U.S. Loan Programs

- ❖ **FHA Powersaver.** Partial government insurance for energy related home improvements.
 - FHA provides 90% guarantee on loans, up to 10% of portfolio
 - Up to \$7500 unsecured, above \$7500 requires second mortgage
 - Pilot programs schedule to launch mid-2011
- ❖ **Secondary Market for “Unsecured” Financing.** Create system for home energy loans that looks like auto loans, credit card receivables, etc.
 - Standardized underwriting, reporting, and project requirements
 - Promising approach: “WHEEL” program based on PA Keystone HELP scheduled to launch mid-2011



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Cisco DeVries | cisco@renewfund.com | (510) 451-7900