

Session Notes: Innovative Financing for Energy Efficiency

SEEC Forum
Wednesday, June 15th, 2016
2:45pm

Panel:

- **Rich Chien:** Senior Program Manager, City and County of San Francisco
- **Nathalie Nestor:** Managing Principal, Design-Manage-Sustain on behalf of Center for Sustainable Energy
- **Alejandro Ruiz:** Program Manager, California Alternative Energy and Advanced Transportation Financing Authority
- **Nancee Trombley:** Chief Deputy Executive Director, IBank, California Infrastructure and Economic Development

Key Takeaways:

- Financing is part of a holistic solution to our project, it can't be an after thought
- Wide range of finance projects across the sectors, but there are many, many more
- Key information resources: Realize that the speakers can be informational resources
- Next steps for local governments: Clear understanding of what the next steps you could take
- Leave here today with understanding what are my next steps: How to get information to others and who needs it

IBank Presentation (Nancee Trombley):

- Focuses on MUSH market (municipalities, universities, schools, and hospitals)
- CLEEN (CA Lending for Energy and Environmental Needs Center)
 - Some example projects through the program: Generation, Conservation, Other Items (EV charging stations, etc.)
 - Low cost direct financing
- SWEEP (Statewide Energy Efficiency Project)
 - For energy efficiency projects specifically
 - Example of City of Huntington Beach: \$7.7 million direct financing, over 11,000 streetlights converted to LED
- Applications are taken continuously
- Very good success rate, not many projects are said no to
- **Questions:**
 - *When is the ideal time for them to contact you?*
 - Can help on any level of the timing, if you are in the planning stage, you can call and see if it qualifies
 - In order to fill out an application, the project would need to be planned out, shovel ready, or already started

- *Proposed income as method of repayment?*
 - They cannot consider proposed income, if there is a source of present income or revenue stream, they would be able to consider it.

CAEATFA (Alejandro Ruiz):

- Look to leverage private capital
- Green Policy Objectives: collaborate a lot with other state agencies
- CA Hub for Energy Efficiency Financing (CHEEF) Pilot Programs
 - Have a lot of flexibility as to what can be financed
 - Key aspect is the data collection: Pre and post energy project completion
 - Key Program Design Elements
 - Credit enhancements
 - On-bill repayment
 - Project quality assurance and quality control
 - Open market OBR platform provides a single point of contact for Capital Providers
 - CHEEF pilots complement existing programs that support small businesses
- Residential PACE Loss Reserve Program
 - Current PACE Policy Issues
 - Not a centralized regulator for PACE in CA
 - Trying to provide as much information to the public as possible
 - Increasing the data points that are collected

Questions:

- *Has there been any takers on the Loss Reserve Program that have been used yet?*
 - No claims yet on the Loss Reserve Program
- *What roles should the local government take? Anything else they should do to protect their integrity?*
 - If a local government is looking to bring a 3rd party administrator, consider how they deal with issues that might arise with issues from a contractor or borrower. Look to see if there is any post-project support
- *Is there a loan cap for the on-bill repayment and what would the interest rate be?*
 - Not certain if there is a loan cap

Financing Innovation the SF Bay Area: PACE and beyond (Rich Chien):

- Why originally interested in PACE?
 - Had climate action goals, the inventory was split between building energy and transportation
- Green Finance SF (C-PACE): Look to the private capital to provide financing
- Standardize process of the project and make it more of a process that is more familiar
- At the end of the day, the owner just wants that plaque in the lobby

- BayREN: help local governments in the Bay area adopt PACE or have it become available in their region
 - More focused on commercial
 - Role to play as an advocate for local governments
 - Develop a website resource for local governments
 - Here's how it works, here is the model in California right now
- Issues:
 - There is a lot of activity going on but since the local government isn't embedded in the relationship, wondering how we can have a better window in that community
 - How do we market so that people don't get confused there are multiple options?
 - Know what kind of projects are getting done
 - How are we actually measuring savings from the program?
- **Questions:**
 - *If local governments wanted to build off of the collaborative BayREN, would you be willing to share that with them?*
 - Yes
 - *At a high level, what are the fundamental differences in commercial writing criteria?*
 - One of the key differences is commercial is just much harder to do on a project level
 - Pretty standard that with commercial you need lender consent
 - Owners don't want to have that conversation with their existing lender, lots of evidence out there that small and regional banks have said yes to supporting these projects

Nathalie Nestor (final questions):

- **Questions:**
 - *What are other tools that are available for local governments to use?*
 - GoGreenFinancing.com (part of the Energy Upgrade CA)
 - You'll find tools like the financing finder, searchable database organized by the type of financing
 - You can review detailed information about each product profile
 - There is a Finance Concierge component that acts as a decision-making assistance tool and creates a list of prioritized financing specific to that person's needs and desires
 - My Action Plan (on Energy Upgrade CA)
 - Helps you create a personal energy action plan, to help informed the finance concierge and what the estimated payments would be
 - Earn \$2,000 to market financing, co-op marketing program, redeemable for customized marketing tools
 - State of Saving Campaign: Tells people about the availability of special energy financing

- Aims to get people to feel like it's their duty to help them save the State
- *Who in the state would assess such a program like workforce development and economic development, is there any interest from the State for these kinds of projects?*
 - There may be an agency that can do this, but would have to look into it some more. It would not be handled by the State.