

## Session Notes: Innovative Financing for Energy Efficiency

### SEEC Forum

Wednesday, June 15<sup>th</sup>, 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 3<sup>rd</sup> 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.