



Salem, Oregon  
December 1, 2009

# Financing Options

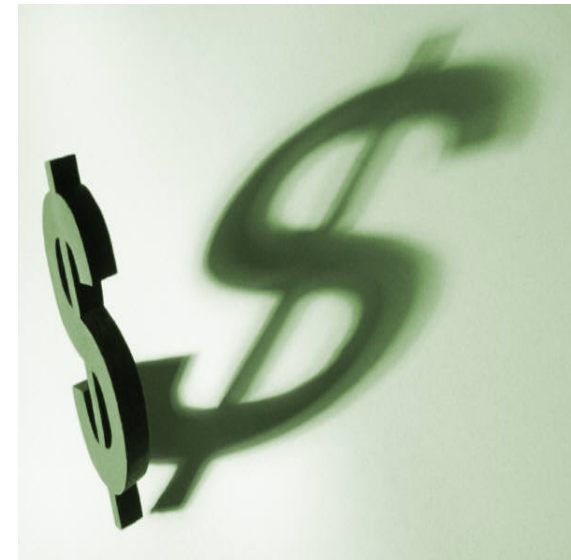
# Why Finance Retrofits and Sustainable Energy Systems?

- Maximizes economic stimulus – jobs that can't be outsourced
- Increases productivity of energy
- Cost-savings for the community and businesses
- Puts community in a position to attract private investment



# Best Strategies Leverage a Portfolio of Investments

- Blend residential, commercial, and public building retrofits for broadest job creation benefits
- Leverage renewable energy investments with energy efficiency investments to shorten pay-back
- Bring in additional dollars by blending public financing options with private investment



# Key Questions

- New program or existing state/local programs?
- One-off opt-in model or neighborhood/district level approach?
- Utility/Energy Trust partnership or municipal-led approach?
- Which approach maximizes job creation?



# Rapidly Changing Landscape

## California approves \$3.1 Billion energy efficiency program (September 28, 2009)

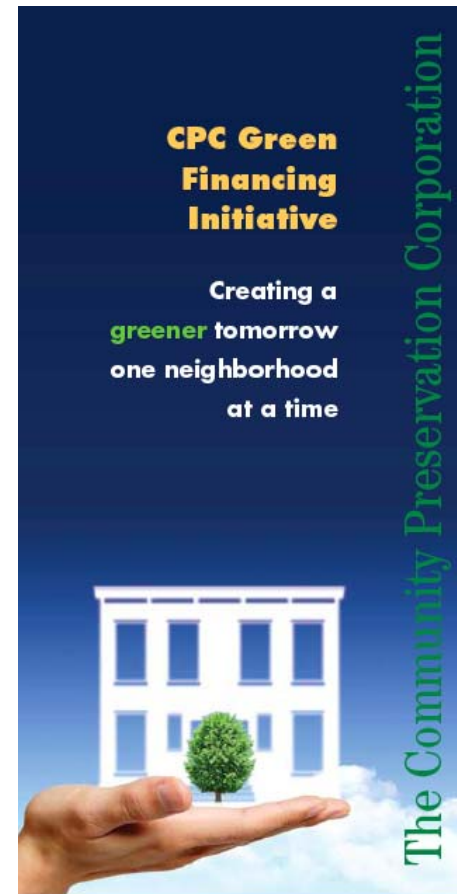
- 130,000 homes, 20% reduction, by 2012

## New York initiatives

- CPC ~ \$1B, 15,000 housing units, 3 years
- Green Job/Green New York ~ \$5B, 1M homes, 5 years, 16,000 jobs

## Oregon initiatives

- EEAST legislation
  - Dramatic streamlining for building retrofit strategies
  - Pathway for multiple forms of capital, private and public
- Portland Clean Energy Works



# Financing Programs Available

## Credits/incentives

- Business Energy Tax Credit
- Energy Trust programs (including GreenStreet lending)
- REC-credit strategies

## State programs

- EEAST pilot programs
- Small Scale Energy Loan Program
- Feed-in tariff pilot program

## Local options

- Local improvement districts/PACE
- EECBG weatherization dollars (and variations)
- Local bonds for schools

# Finance Innovation

————— GUIDE TO —————  
ENERGY EFFICIENCY &  
RENEWABLE ENERGY  
FINANCING DISTRICTS  
——— FOR LOCAL GOVERNMENTS ———

SEPTEMBER 2009

## FINANCING PROGRAM ELEMENTS

SOURCES OF CAPITAL	FINANCING MECHANISM	COLLECTION MECHANISM	ENHANCEMENTS	ELIGIBLE MEASURES	UNDERWRITING CRITERIA	SECURITY INTERESTS
Banks	Personal loan (secured or unsecured)	Amortized payment bill	Reduced interest rates	Energy efficiency	Debt to income ratio	Unsecured
Public benefit charge or added to rate base	Mortgage / home equity (secured to real estate)	Lease payment	Stretched underwriting criteria	Renewables	FICO score	UCC fixture filing
Utility general funds	Line of credit (secured or unsecured)	On utility bill	Guarantees	Other home improvements	Utility bill payment history	Mechanics lien
Federal, state or local govt funds	Lease	On property tax bill	Loan loss or late payment reserves		Tax payment history	Other lien on real estate
Municipal bonds	Retail installment contract	Performance contract bills	Rebates		Other	Lien on other property (car, boat, etc)
Manufacturers	Special tax or assessment levied	Buy kWh or therms	Tax credits			Disconnection for non-payment
Pension funds	Tariffed installation program		Subsidized transaction costs			
Housing or economic dev finance agency	Performance contract		Aggregation			
Qualified energy conservation bonds	Power purchase agreement		Environmental or carbon credits			
Other 3rd party						



# Clean Energy Works Portland

Clean Energy Works: Portland

<http://www.cleanenergyworksportland.org/>



Portland General Electric



# Leverage

- Step One – EECBG
- Step Two – DOE District-Scale Pilot
- Step Three – Fund Development
- Step Four – Private Investment Leverage

# Berkeley FIRST Solar

## ENERGY & SUSTAINABLE DEVELOPMENT

Office of Energy and Sustainable Development

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**Berkeley FIRST**

**Home**

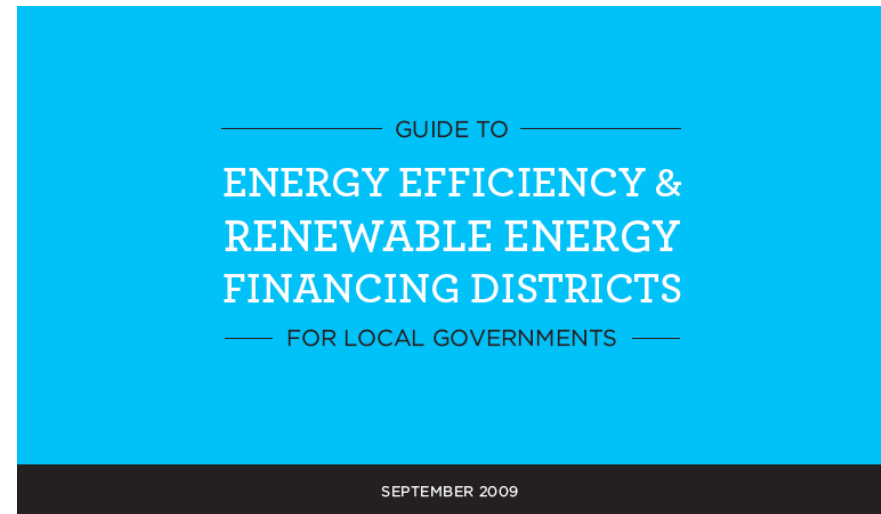
**Residents**

**Financing Initiative for Renewable and Solar Technology**

<http://www.ci.berkeley.ca.us/ContentDisplay.aspx?id=26580>

# Benefits of Finance Districts

- Longer repayment period
- Repayment transfer with ownership
- Information from a trusted source
- Low interest rates
- Tax benefits
- Reduced transaction costs
- Direct benefits to constituents
- Job creation
- Positive action
- Safe, efficient security mechanism



A central question for communities in the 21st Century is how to deliver key community services – e.g., energy, water, waste/recycling – at a scale that allows for system-level planning & change?

Economical  
Adaptable  
Resilient  
Engaged  
Self-generating  
Innovative  
Nimble

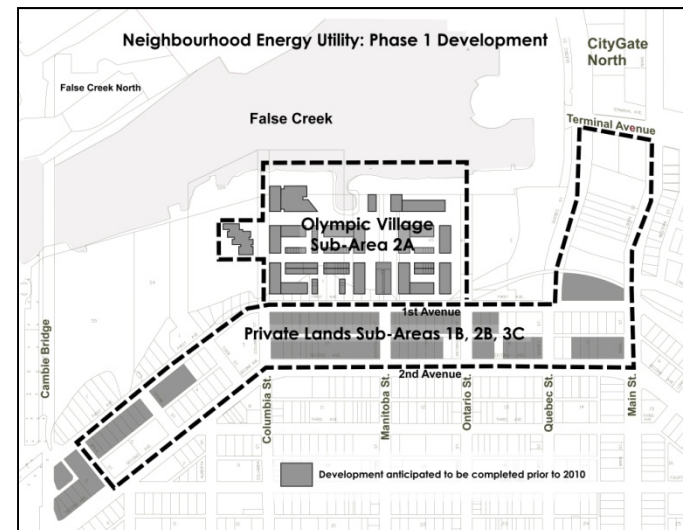


Sustainable Community  
Development



# Critical Role of Local Government

- Create scale
- Accelerate & deepen actions
- New tools to bridge finance gap
- Enable through rate regulation
- Tie to better performance
- Reduce revenue risk
- Regional economic development
- Connect to other policy goals





The greatest sustainability challenges are not technological or economic. They are institutional.

Dr. John Robinson  
IPCC Lead Author; UBC

**Myth**

concern + best practice knowledge = action

**Reality**

concern + best practice + institutional capacity = action

Alex Boston  
HB Lanarc

# Three Big Levers

Strong, forward-looking policies

- Energy & climate change
- Buildings & communities
- Land use & transportation
- Economic inclusion & participation
- Housing affordability
- World-class education & training

Engage community, connect collaborative networks

- Center of excellence - place for collaboration
- Business networks - engaged & supportive
- Community engagement - social marketing linked to values

Mobilize new investment resources

- Public finance - innovation & leverage
- Private - access to patient capital



Our challenges require a level of change that demands that we engage people in order to start making changes

Need to offer a positive vision of where we are headed, without getting tied into having all the answers