

Transportation Financing Options

Lessons Learned from Energy Efficiency

Cisco DeVries | April 23, 2014

RENEWABLE  FUNDING



- Created Property Assessed Clean Energy (PACE)
 - Built, Operated, and Funded the first PACE program in Berkeley, CA
 - Operate the nation’s largest commercial PACE program
 - Deploying residential PACE statewide in May 2014
- Created Warehouse for Home Energy Efficiency Loans (WHEEL)
 - \$100mm warehouse facility with Citigroup and State of PA Treasury to fund unsecured residential loans across U.S.
 - Partnership with the National Association of State Energy Officials (NASEO)
 - Program underway with multiple states, first securitization in Q3
- Building First Investment Grade Utility On-Bill Financing Program
 - Hired by the State of Hawaii to serve as program and fund manager for their \$150mm Green Infrastructure Authority (“Green Bank”)
 - Designing capital structure and program for utility on-bill financing program initiated through the Hawaii Public Utilities Commission

Auto Loans: A Roadmap for EE Finance

What can we learn about financing energy efficiency from the auto industry? How to deliver quick and easy financing at scale.

Auto Loan Financing

- Access to virtually unlimited, low-cost capital
- Seamless integration into sales process at dealership
- Pricing specific to auto loan performance



The \$40 B Home Energy Improvement Market

The energy efficiency market spans the reactive replacement market and the proactive performance market. Goal is to help people make better decisions.



HVAC
\$18 B



Roofs
\$12.5 B



**Windows
& Doors**
\$9 B

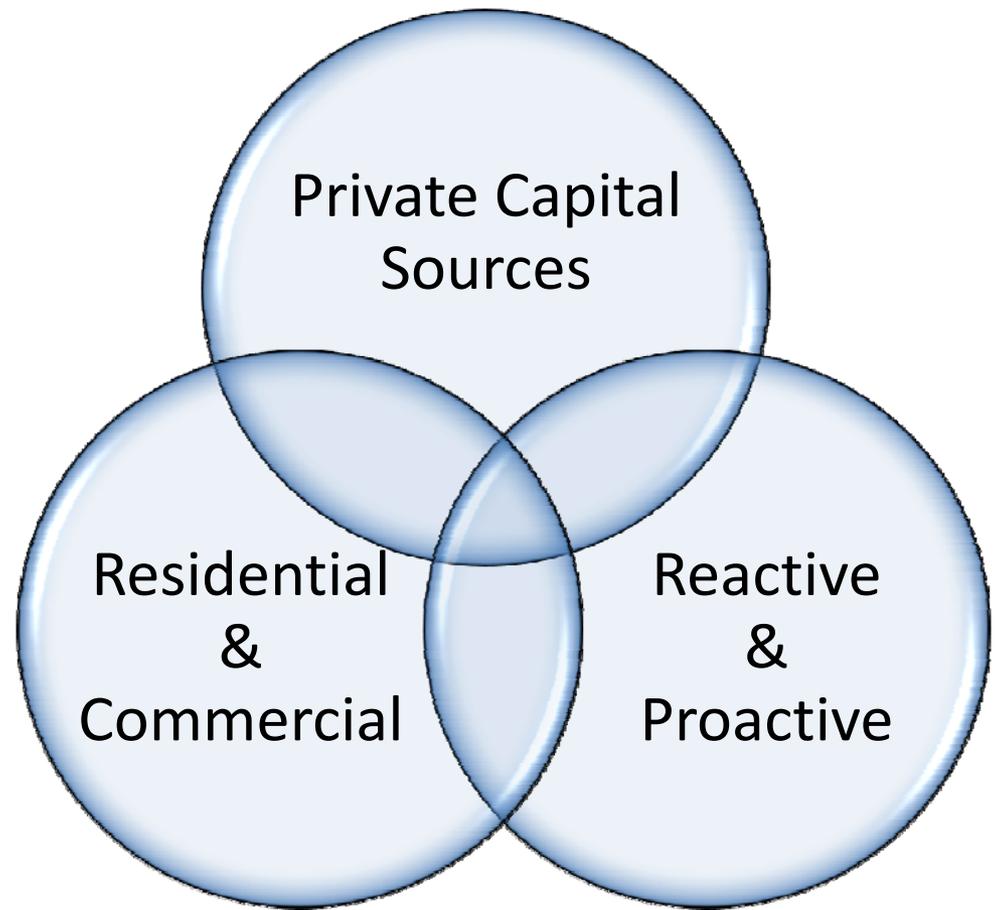


**Home
Performance**
\$0.5 B



Goals for Government Supported EE Financing

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



WHEEL Financing Program

The first EE financing platform funded by the investment grade bond market

- Warehouse for Energy Efficiency Loans (WHEEL)
 - A collaboration between Renewable Funding, State of Pennsylvania Treasury, Citigroup Global Markets, and the Energy Programs Consortium that utilizes the RenewFund financing platform to deploy institutional capital for state and utility programs
- Key Features
 - Warehouse facility funded by Citigroup and Pennsylvania Treasury
 - Low/no cost subordinate capital provided by ARRA, utility, and other funds
 - Warehouse repaid via issuance of an investment grade security
 - Unsecured loans; 640+ FICO; Up to 10 year terms
 - Return provided to sponsors who participate in WHEEL



How PACE Works

PACE = Property Assessed Clean Energy

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)



PACE Success: ProLogis Headquarters



- \$1.4 million PACE financing for corporate headquarters of Prologis in San Francisco
- Johnson Controls is the contractor and Clean Fund is providing the capital
- Lighting, HVAC, Solar

Financing Disruptive Change



- The capital markets provided low-cost, long-term capital for the creation of the energy infrastructure we have today
- The goal is to bring the same type of capital to the distributed clean energy market



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