Southeast Energy Efficiency Alliance
I. 2013 Strategic Plan and Goals

II. SEEA’s Potential Role in Financing Energy Efficiency

III. Five Recommendations
   a. SEEA’s role
   b. Implementation plan
   c. Potential partners

IV. Request for Proposals

V. Next steps
SEEA Strategic Plan – Financing Goals

In 2013, SEEA outlined three goals for continued expansion and innovation in the energy efficiency finance market:

1. Support the development of creative financing options for energy efficiency in the Southeast.
2. Increase energy efficiency investments through emerging financing tools as a result of educational efforts and policy changes.
3. Leverage current energy efficiency bank contracts to develop a larger SEEA-branded creative financing mechanism.
   - SEEA has ~$1M left in BBNP finance money
SEEA Finance Initiative Research Team

Project Team

• Tim Block, BBP Program Manager, Southeast Energy Efficiency Alliance
• Ian Fischer, Vice President, Clean Energy Solutions, Inc.
• Jennifer Weiss, Senior Finance Analyst, Environmental Finance Center, UNC – Chapel Hill

Advisory Committee

• Christopher Jacobi (Duke); Allen Bradley (XXX); Jacquelyn Dadakis (Green Coast Enterprises); Sheree L. Eddie (Jax Metro Credit Union); Travis Yelverton (Capital Xpansion); Ben Taube (BLT); Steve Morgan (CESI); Keaton Smith (Iberia Bank); Mike Smith (XXX)
Goals for the Innovative Finance Research

1. Define SEEA’s overall role in the energy efficiency financing space

2. Determine how to leverage remaining $1M BBNP dollars in support of Goal #1
Barriers to Energy Efficiency Financing

- Access to Financing
- Small Portfolio Sizes
- Complex Decision-making and Time Horizons
- Split Incentives between Building Owners and Tenants
- Lack of Information and Lack of Trust in Contractors
- The Hassle Factor
Attributes of Successful Financing Programs

- **Program Design** – One-stop contracting for suite of audit, installation, and financing services; A linkage to additional financial incentives (utility grants and subsidies); Credible and competent EE program administrator; a capable IT platform

- **Finance** - Attractive, below market interest rates and terms of 7 years or longer; Seamless application process; Debt payments linked to existing bill-payment mechanism;

- **Marketing** - Strong, credible marketing partners (including contractors); Customized, multi-channeled marketing strategy by geography and market subsector;

- **Contractors** -- Mature and competent auditing, installation and QC contractor infrastructure
Key Criteria for Defining SEEA’s Role

Confluence with existing SEEA activity

– Current policy work with Utilities, Community Benchmarking, Programs, Etc.

Identifiable sources of funding

– Funder interest? Federal Agency and foundation grants
– Revenue Generation? SEEA Memberships and TA Fees

SEEA staff capacity and financial resources:

– Internal staff resources
– Deploying ~$1M BBNP to support the overall finance effort

Market Assessment

– Gaps, Potential Impact, Level of Effort, Maturity
1. Policy Advocacy
2. Industry Convener
3. Knowledge / Best Practice Transfer
4. Program Design and Technical Assistance
Potential Sources of Revenue

Immediate Sources:
- Foundation grants
- Federal agency grants and contracts

Longer-term potential sources:
- SEEA membership fees from participants in the Finance Network
- Technical assistance revenue from OBR, PACE, lending program design
Gaps and Opportunities

- On-bill and PACE
- School (K-12) and small commercial sectors
- Mississippi, Louisiana and Virginia
<table>
<thead>
<tr>
<th>Type of Finance Role</th>
<th>Market Impact</th>
<th>Maturity in Marketplace</th>
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### Potential Finance Roles for SEEA

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Southeast EE Finance Network

Convening

Technical Assistance

Government Programs

Utility Programs (OBR)

Financial Institutions

PACE

Policy

Education
## 1) Southeast Energy Efficiency Finance Network

| Description: | A SEEA-branded network of lenders (commercial banks, community banks, credit unions, CDFIs) and other finance stakeholders created to encourage lending for energy efficiency projects in the Southeast. The network will include:  
• Sharing of best practices, including key program elements  
• Technical assistance  
• New product development  
• Credit enhancements |
| SEEA Role: | Coordination of the network  
Convening of lenders and other participating partners  
Technical assistance / educational opportunities  
Financing assistance through credit enhancements |
| Implementation Plan: | 1. Outline the structure of the network  
2. Invite participants to Kickoff Meeting  
3. Design and send out a Request for Proposals for credit enhancements |
| Potential Partners: | Regional banks, credit unions and CDFIs; Federal Agencies; utilities; contractors; community and trade associations; etc. |
## 2) Partnership with Gov’t Programs

| Description: | Market and promote existing government programs including:  
   - HUD PowerSaver program  
   - USDA Rural Development / Energy Efficiency and Conservation Loan Programs  
   - Housing Authority / Housing Finance Agency Programs |
| SEEA Role: | Convene group of interested partners  
   Provide education / awareness of types of available programs  
   Provide credit enhancements to leverage existing funding |
| Implementation Plan: | 1. Develop comprehensive list of loan programs and borrower requirements  
   2. Establish a marketing plan for dissemination of information  
   3. Determine what (or if) credit enhancements are needed to encourage applications from building owners. |
| Potential Partners: | Department of Energy, Department of Housing and Urban Development, U.S. Department of Agriculture, State Agencies, Banks, Credit Unions, CDFIs. |
3) On-Bill Repayment

| Description: | Leverage partnerships with utilities to offer on-bill repayment to residential and commercial customers. Program to include:  
• Sharing of best practices  
• Technical assistance (smaller municipal and cooperative utilities)  
• “OBR in a Box” – standardized procedures and documents |
| SEEA Role: | Convening of utilities and local financing entities  
Technical assistance / educational opportunities  
Policy engagement – advancement of On-Bill Repayment  
Financing assistance through credit enhancements |
| Implementation Plan: | 1. Compile a list of best practices for current OBR programs  
2. Develop “OBR in a Box” for interested utilities  
3. Investigate financing alternatives with local finance partners |
| Potential Partners: | Utilities, CDFIs and local credit unions, government organizations (USDA, HUD, DOE) |
## 4) Property Assessed Clean Energy (PACE)

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<th>Description:</th>
<th>Encourage the use of PACE programs throughout the Southeast especially in states with existing PACE enabling legislation.</th>
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</table>
| SEEA Role:   | Policy advisor  
               Technical assistance / educational opportunities  
               Project development |
| Implementation Plan: | 1. Compile best practices from Atlanta, Florida and other successful PACE programs.  
                              2. Determine most appropriate areas for pilot programs.  
                              3. Promote enabling legislation in states without PACE. |
| Potential Partners: | State and local governments, private investors. |
## 5) Valuation of EE Improvements

| Description: | Benchmarking and disclosure policy; active engagement of realtors, appraisers and lenders in local task forces to list on MLS energy improvements and facilitate real estate appreciation |
| SEEA Role: | Leverage building code policy work Work with industry groups to develop, pilot and disseminate standards and best practices to communities throughout the SE |
| Implementation Plan: | 1. Facilitate voluntary benchmarking, disclosure in some market subsectors 2. Convene and staff EE real estate appreciation task forces |
| Potential Partners: | Energy auditors and building rating firms; realtors, appraisers, lenders, and associated consultants for residential and commercial buildings; the Investor Confidence Project; IMT; The Appraisal Institute. |
Request for Proposals

• Who should receive RFP?
• What will be offered (LLR, IRB, OBR, PACE)?
• How will organizations be selected for participation?
  – Existing program in place?
  – Replication of successful program?
  – New product development?
• What is the timing?
• Reporting requirements?
Short Term Implementation Timeline

- **Jan 2014**
  - Develop Network guidelines

- **April 2014**
  - Send out RFP

- **July 2014**
  - Select programs to be funded

- **Oct 2014**
  - Implement Programs

- **2015 +**
  - Convene first meeting

- **Develop comprehensive list of available federal loan programs**
- **Establish partnerships and marketing plan**
- **Compile list of On-Bill Repayment best practices**
- **Develop “OBR in a Box”**
- **Compile list of PACE best practices**
- **Policy advocacy and work with pilot areas to launch programs**
- **Convene and staff EE real estate appreciation task forces and Facilitate voluntary benchmarking, disclosure in some market subsectors**
Next Steps

- Energy Efficiency Financing White Paper
- Implementation Plan
- Request for Proposals