



Property Assessed Clean Energy

Cisco DeVries

Renewable Funding

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Climate and Energy Crisis



Our Secret Weapon



- Reduce energy use
- Save money
- Create jobs
- Cut greenhouse gas emissions

\$520B investment by 2020 would yield savings of \$1.2 trillion and 1.1 gigatons of GHG. (McKinsey Report, 2009)

Create 6.2 million new jobs

Current Policy Tools



- Easy, Cheap Permits
- Education, Social Marketing
- Step-by-Step Assistance
- Green Building Codes
- Rebates and Incentives
- **Upfront Cost Remains**



Cisco's iPhone Bill

\$119/ month

\$1428/ year

\$28,560/ 20 years



Cisco's Utility Bill

\$129/ month

\$1548/ year

\$30,960/ 20 years

What's the Hold Up?



- Utility bills:
Simple monthly service



- Solar, Energy Efficiency:
Large upfront cost

PACE Financing

Property Assessed Clean Energy


Voluntary Program allows property owners to install solar and energy efficiency projects with little or no upfront cost. Costs repaid on property tax bills over 20 years.




PACE: How it Works




City or county creates type of land-secured financing district



Property owners voluntarily sign-up for financing and install energy projects



Proceeds from Clean Energy Bond provided to property owner to pay for energy project



Property owner repays bond through property tax bill over ~20 years

Benefits to Property Owner



Removes many of the financial hurdles to installing solar systems and energy efficiency upgrades

- No upfront cost to the property owner
- Payments fixed for 20 years
- Customer chooses contractor/installer
- Property tax transfers to the new owner when the property is sold
- Utility bills decrease due to energy savings
- No credit scores required

Benefits to Cities and Counties

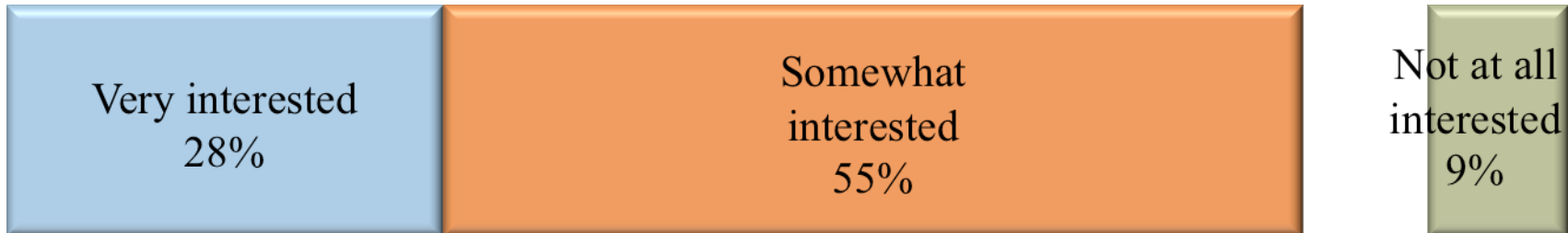


Low risk financing tool for cities and counties

- Helps cities and counties meet their climate and energy goals
- Program costs can be paid out of the financing
- No liability or other exposure to a city's general fund
- Financing mechanism well known to local governments and bond market
- Promotes the “green” economy, creates green jobs

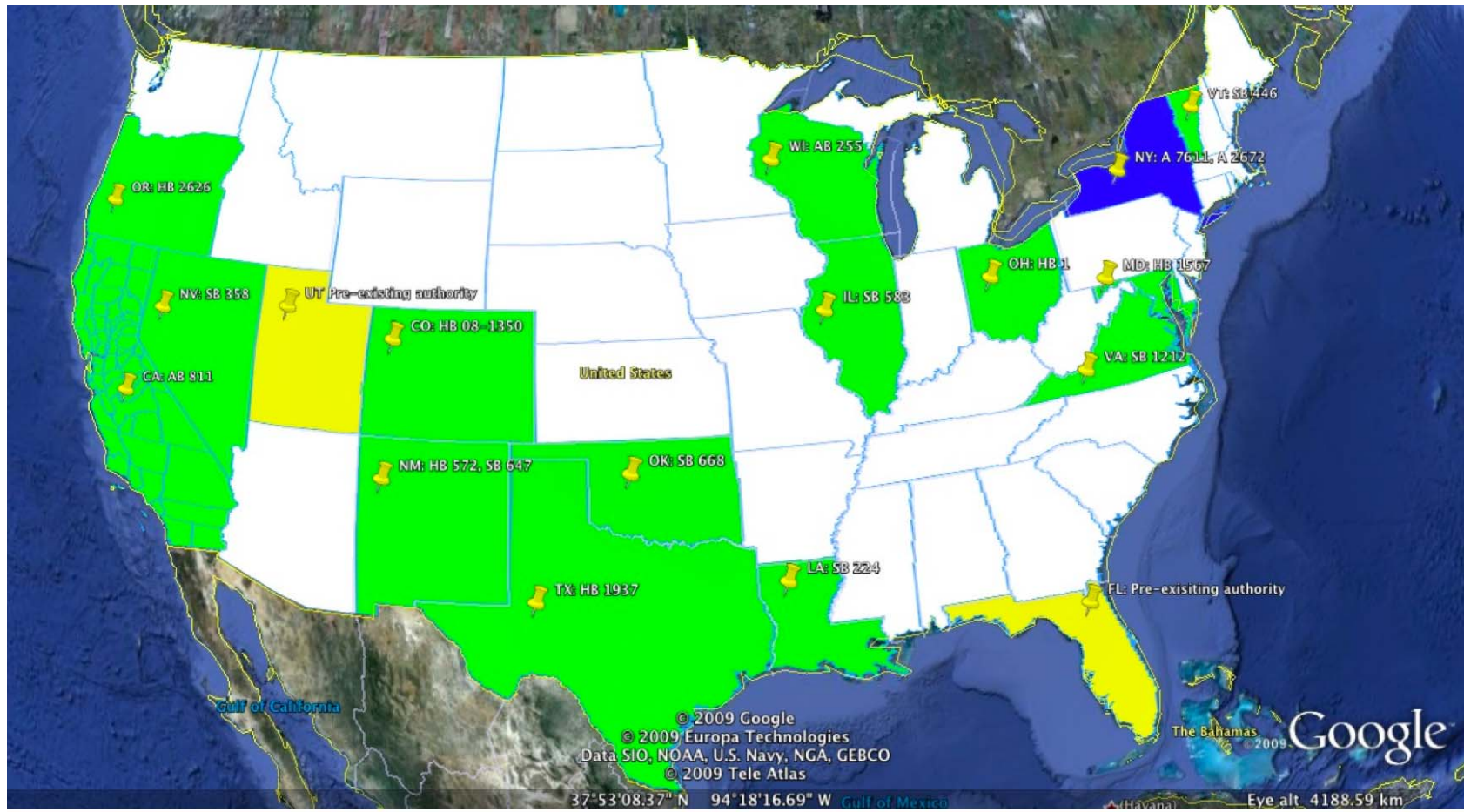
California Demand Survey

Now that you know a little more about local government financing programs for energy and water improvements, how interested would you be in participating in this type of program if it were made available?



PACE Legislation

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Federal Support



- ARRA Support
 - Eliminated IRC prohibition on using “Subsidized Energy Financing” and tax credit
 - Authorized use of Qualified Energy Conservation Bonds (QECCBs)
 - ARRA Funds to set up programs
 - DOE Guidelines forthcoming

Next Steps (1)

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- Legal Structure -- Stable foundation
 - Different approaches in different states
 - Protect senior lien
 - Use existing structures where possible

- Capital – How do we get \$500 billion?
 - Standardized bonds
 - Tax exempt bonds
 - Federal “loan” guarantees

Next Steps (2)

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- Lender Issues – Protect property owners
 - FHFA, Fannie Mae, Freddie Mac, GSEs
 - Treat PACE like all other taxes/ assessments

- Federal Guidelines --
 - DOE guidelines due out very soon
 - Binding on all ARRA funded programs
 - Proposed standards may not work





RENEWABLE  FUNDING

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PACENOW

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