



\*Renewable Energy Image, Available at <http://plwconsulting.com/renewable-energy.html>, May 30, 2011.

# S<sup>2</sup>: Sustainable Financing Options for Sustainable Energy

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# Back to the Basics: Tools of Sustainable Finance

- Pooling
- Driving down cost of capital
- Reducing risk
- Increasing security/collateral
- Keep it simple

# Pooling

- “Utilitize” services
- Public benefit funds
- Centralized ownership of distributed assets
- Pooled purchasing and subscription
- ESCOs



*Your sustainable energy resource*

# Lower Cost Capital

- Patient long term investors
- Angel investors, gifts and grants
- Credit unions
- Bonds
- Secondary markets ???
- Venture capitalists ???

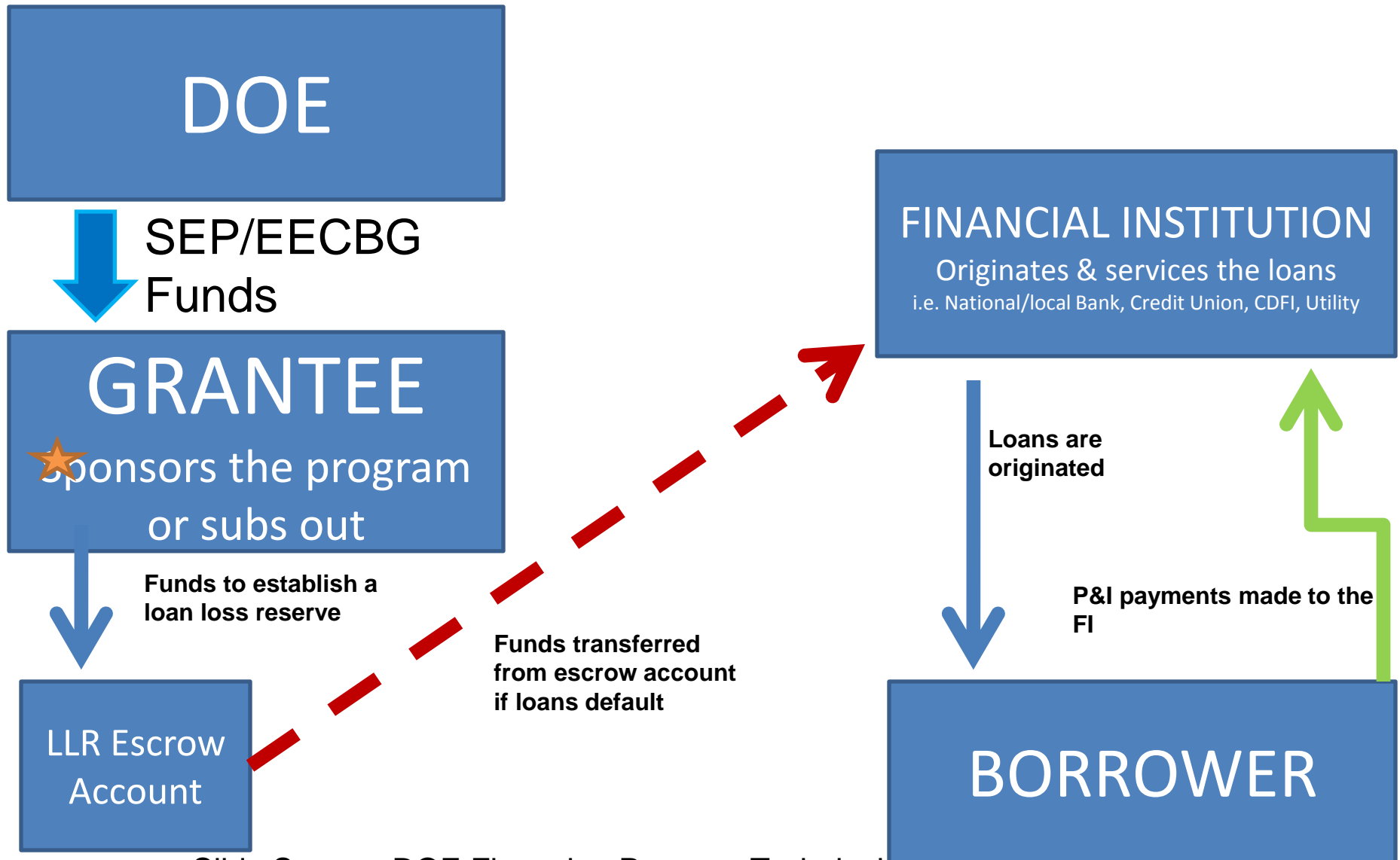


# Reducing Risk

- GreenSun
- TVA Energy Right
- PowerSaver Loans
- Guaranteed Energy Savings Contracts

# FLOW OF FUNDS

Sponsor Program and Partner with Financial Institution



Slide Source: DOE Financing Program Technical Assistance Team

# Strengthen Security/Collateral

- Property assessments
- UCC
- On bill mechanisms with recourse for nonpayment
- Moving towards essentiality

# Commercial PACE

## Clean Fund Completes First Private Commercial PACE Financing

### Innovative Finance Structure Gaining Momentum

SAN RAFAEL, California – September 7, 2011 – Coddling Enterprises, developers of Sonoma Mountain Village in Rohnert Park, CA, announced they have received approval for \$1.6 million in funding from Clean Fund LLC provided through the Sonoma County Energy Independence Program (SCEIP). The funds received will help pay for a second 1MW solar electric system, allowing Sonoma Mountain Village to cover 100% of its electric needs from on-site renewable power. The groundbreaking transaction was structured and financed by Clean Fund of San Rafael, CA.

The SCEIP was initially set up to provide Property Assessed Clean Energy (PACE) financing using the County's Treasury funds. On March 1, 2011, the Sonoma County Board of Supervisors unanimously voted to extend the capital resources available to SCEIP and allow private financial institutions to fund projects through the Program. Clean Fund's financing of the Sonoma Mountain Village project makes it the first PACE project to be privately financed. Most cities and counties contemplating PACE finance programs lack the ability to fund those programs themselves. The successful pairing of the PACE structure with private capital is a requirement for nation-wide PACE adoption.



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A portion of the Sonoma Mountain Village solar system currently under construction.

# Keep it Simple

- Unsecured loans
- On-bill financing
- PPAs



# To be Determined...

- QECBs
- Leveraged bonds for distributed projects
- Residential PACE
- Secondary markets
- Public policy/funding spikes