CESA SLICE Webinar

CT Solar Lease
Financing Construct

Dale Hedman
Director, Renewable Energy Deployment
November 29, 2012
Clean Energy Finance and Investment Authority

- Connecticut Clean Energy Fund
  - Created in 1998
  - Launched in 2000
  - Administered by Connecticut Innovations, Inc.

- Relaunched as Clean Energy Finance and Investment Authority (CEFIA) on July 1, 2011 as a “quasi-public” authority

- Mission: The mission of CEFIA is to support the Governor’s energy strategy to achieve cleaner, cheaper and more reliable sources of energy through clean energy finance.
CEFIA’s Strategic Goals

Attract and deploy capital to finance the clean energy goals for Connecticut – renewables and efficiency

Develop and implement strategies that bring down the cost of clean energy

Reduce reliance on direct subsidies and move toward more sustainable, innovative, low-cost financing of clean energy projects
CT Solar Lease 1 (CTSL 1)- Concept

Levelized lease payments to hedge against rising electricity prices

Consumer Benefit (Avoided Electric Costs)

Utility Electricity Payment

CTSL 1 Lease Payment

2009 2024

Time
CTSL 1 Term

- 15-year operating lease, level payments
- 5-year renewal after Year 15 at a reduced lease payment
- Fair market value buy-out after Year 15
- Lease can be assumed by new home owner upon transfer of home ownership
CTSL 1 Underwriting Criteria

- Median Family Income of 200% or Less
- FICO Minimum Score:
  - 640 if salaried (or fixed income)
  - 680 if self-employed for at least 2 years
  - 720 if self-employed less than 2 years
- No bankruptcy, foreclosure or reposssession in last 7 years
- No unpaid collection accounts, judgments or tax liens of more than $2,500 total
- Debt-to-income Ratio of 50% or less
$56.8 Million Facility

- CCEF Rebate - $24.0 Million
- US Bank Tax Equity - $17.6 Million
- CCEF Debt - $15.2 Million
- Facility term – 3 years from the execution of the first lease
REFERENCES
Design – 5.5% interest rate, secured, 200% of median income
CTSL 1 Results

- Facility closed on December 31, 2011
- Over 850 leases executed
- 7.4 kW STC average system size
- $6,980 kW average installed cost ($5,355 kW at facility close)
- $3,540 kW average rebate
- $131 average monthly lease payment ($125 average utility monthly service charge during facility term)
- To date 1 lease terminated due to foreclosure, 1 lease in foreclosure
CTSL 2 Concept

Lease payments to hedge against rising electricity prices

Utility Electricity Payments

CTSL 2 Lease Payments (Escalating)

CTSL 2 Lease Payments (level)

2013

2033

Time
CTSL 2 Program Structure

Project Owner LLC
100% ownership

- Senior Debt
- Sub Debt (CEFIA)
- Lease Loss Reserve
- Direct Subsidy (if needed)
- Equity
  - Blocker Corp (if necessary)
  - Tax Equity

Contractor Manager, Sourcing and Servicer

Residential
1 - Solar PV (70%*)
2 - Solar Thermal (10%*)

Commercial
3 - Solar PV (20%*)

Installer (Approved by CCEF)

* Expressed as percentage of total revenue
CTSL 2 Proposed Capital Raise

$59.2 Million Facility

- Tax Equity - $25.1 Million
- Senior Debt - $24.6 Million
- CEFIA Equity - $7.2 Million
- CEFIA Subordinated Debt - $2.3 Million

Note 1: Facility to be supported by a $3.5 Million loan loss reserve with repurposed ARRA-SEP funds
Note 2: Program is expected to utilize $15.2 Million in Performance Based Incentives over 9 years
CTSL 2 will increase installed residential capacity by 63% (from 17.5 MW currently to 28.5 MW by end of 2014).

The program will benefit from the recent Solarize program which drove down the installed cost of Residential Solar PV by 20-30% in the first 10 months of the program.

The product will also enable installers to offer financing for Solar Hot Water systems, which are already at or near cost-competitiveness for buildings that use oil or electric heating.
Questions?
Contact Information:
Dale Hedman
Dale.hedman@ctcleanenergy.com

Visit us online
ctcleanenergy.com

865 Brook Street
Rocky Hill, CT (860) 563-0015