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## **CESA SLICE Webinar**

### **CT Solar Lease Financing Construct**

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- ▶ **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



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**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**

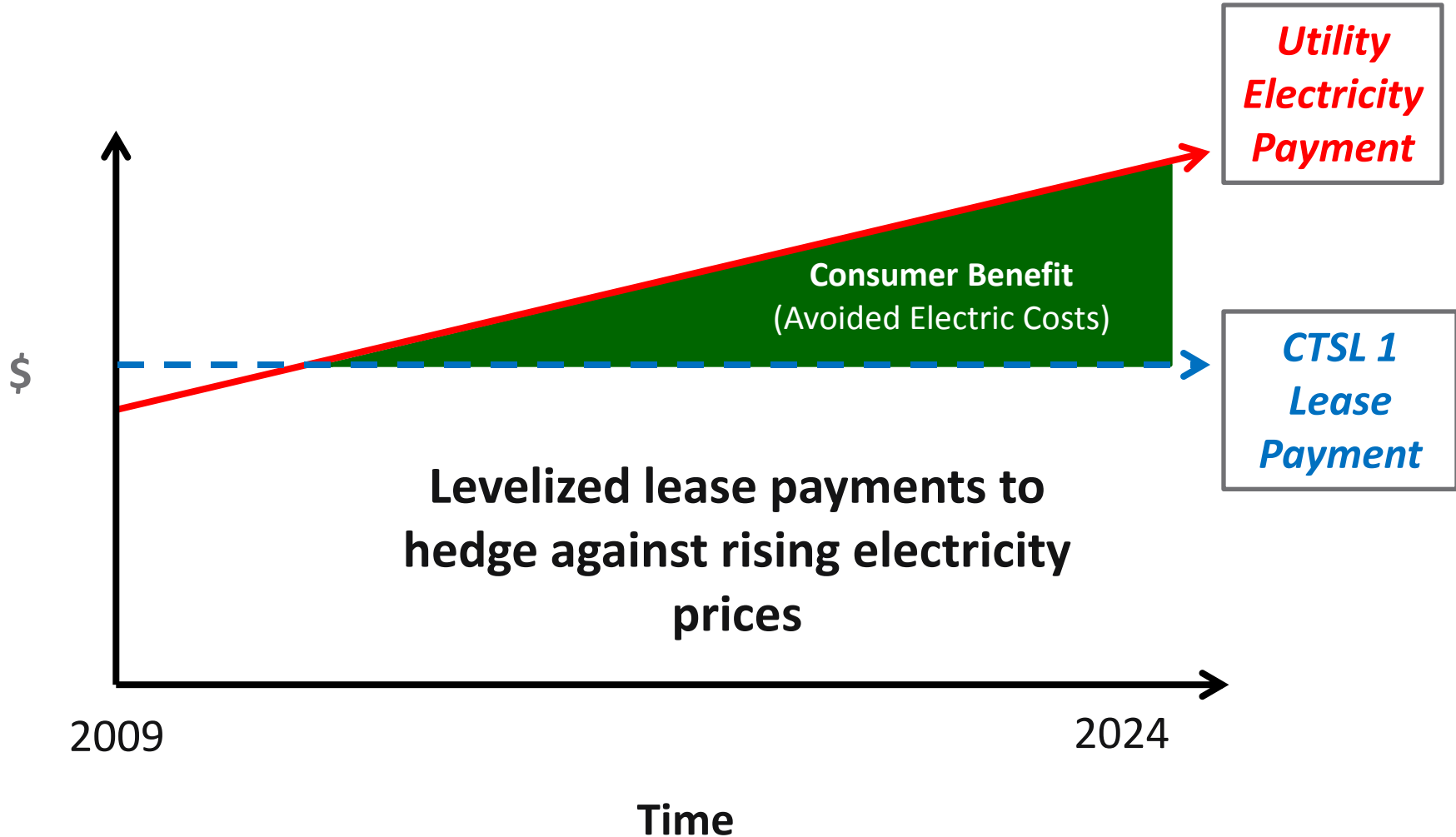
**Reduce reliance on direct subsidies and move toward more sustainable, innovative, low-cost financing of clean energy projects**



# CT Solar Lease 1 (CTSL 1)- Concept



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# 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



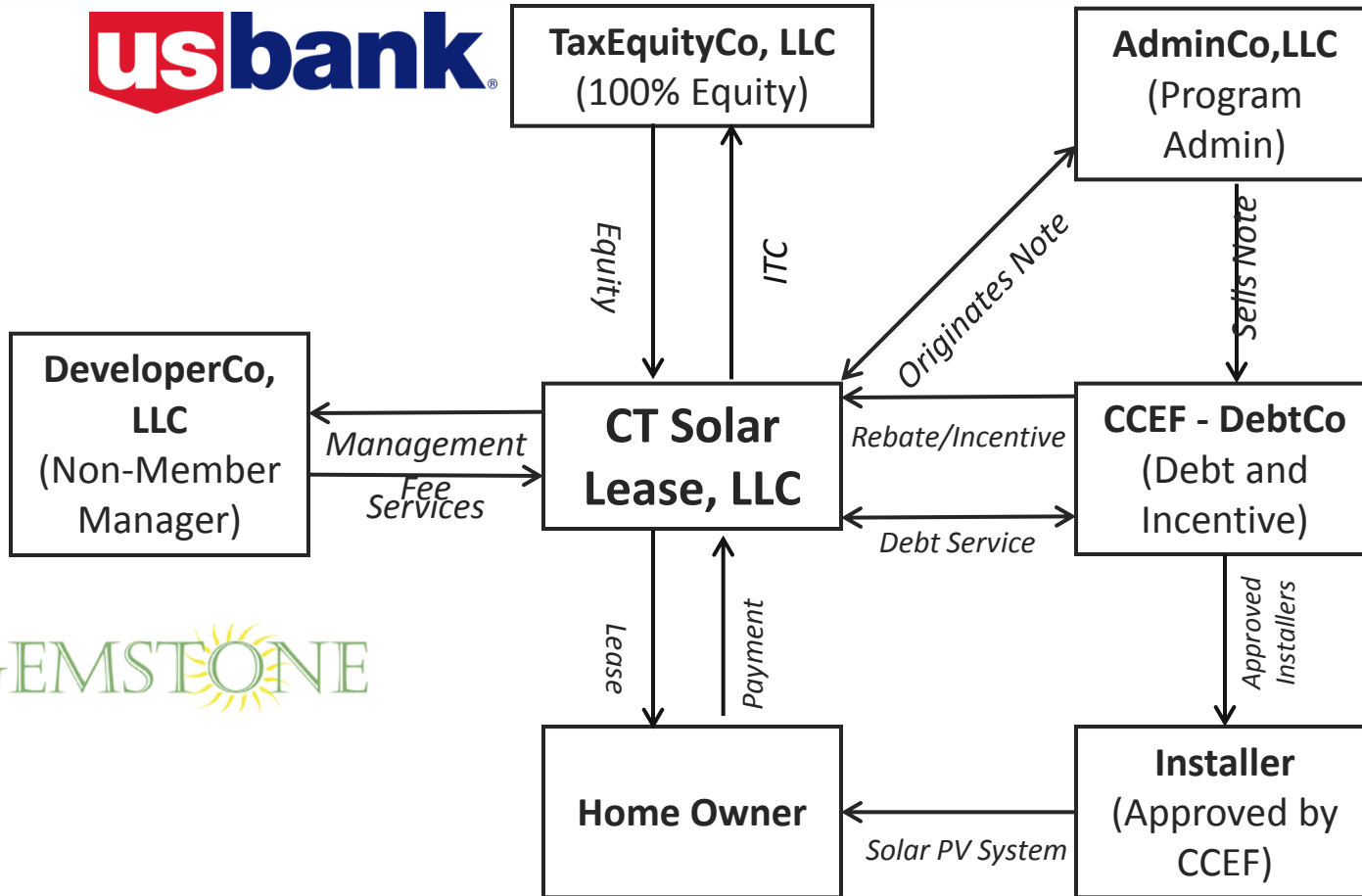
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- ▶ **Median Family Income of 200% or Less**
- ▶ **FICO Minimum Score:**
  - ▶ **640 if salaried (or fixed income)**
  - ▶ **680 if self-employed for at least 2 years**
  - ▶ **720 if self-employed less than 2 years**
- ▶ **No bankruptcy, foreclosure or repossession 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**

# CTSL 1 Program Structure



## REFERENCES

Design – 5.5% interest rate, secured, 200% of median income





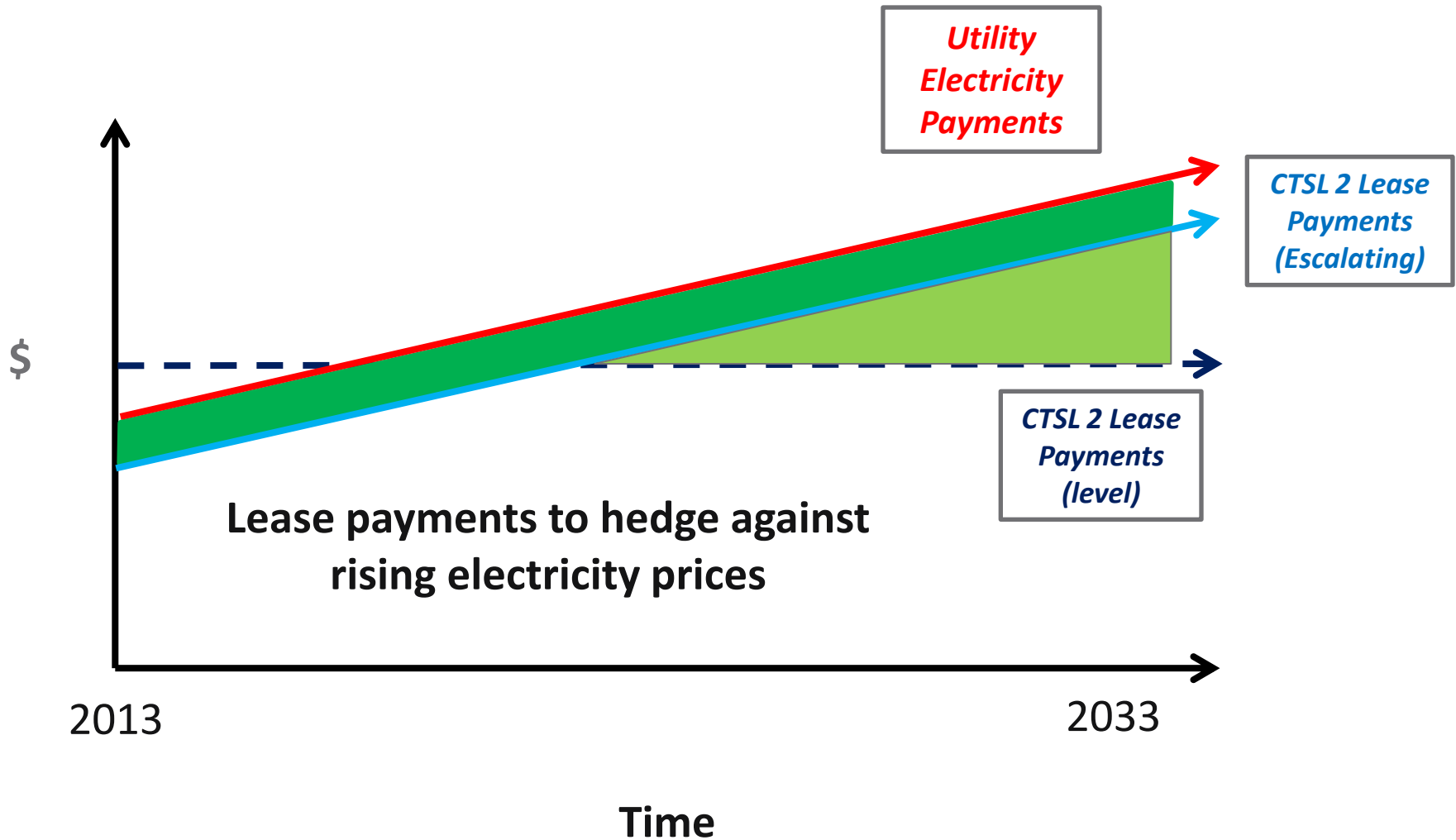
# CTSL 1 Results

- ▶ **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**

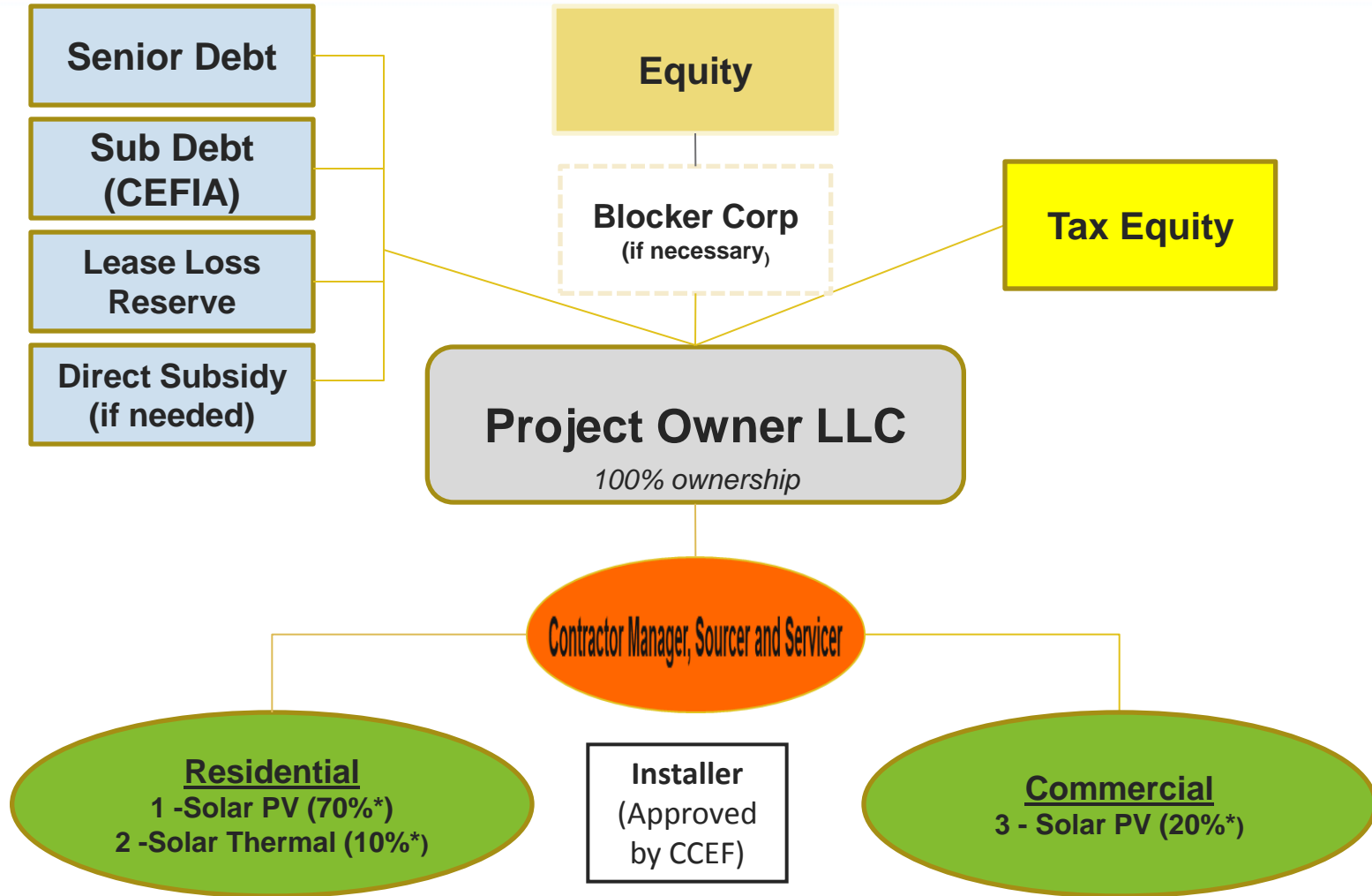
# CTSL 2 Concept



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# CTSL 2 Program Structure



# CTSL 2 Proposed Capital Raise



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## \$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

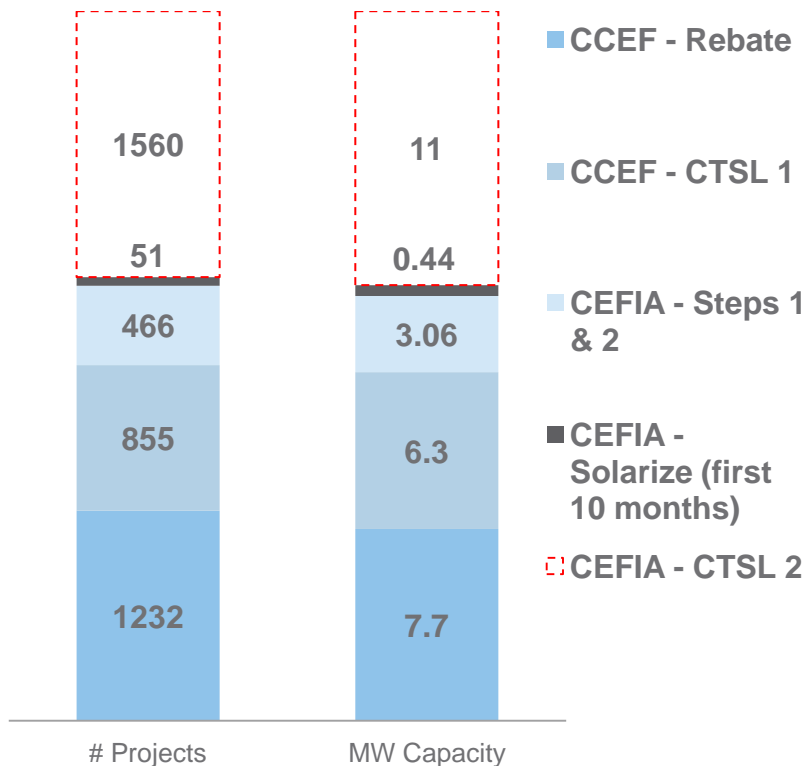
Note 1: Facility to be supported by a \$3.5 Million loan loss reserve with repurposed ARRA-SEP funds

Note 2: Program is expected to utilize \$15.2 Million in Performance Based Incentives over 9 years

# CTSL 2

## Scale up deployment

### Total Residential PV Systems in Connecticut



- ▶ CTSL 2 will increase installed residential capacity by 63% (from 17.5MW 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?

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