



Financial Ally Roundtable

July 10: 10:30am – 12:00pm



Agenda

1. Quick update on Financial Allies progress
2. Around the Room Introductions and Ally Updates
- 3. Discussion!!**
 - Finance and resilience
 - Priorities and new activities for next year
 - Open discussion

Who are the Financial Allies

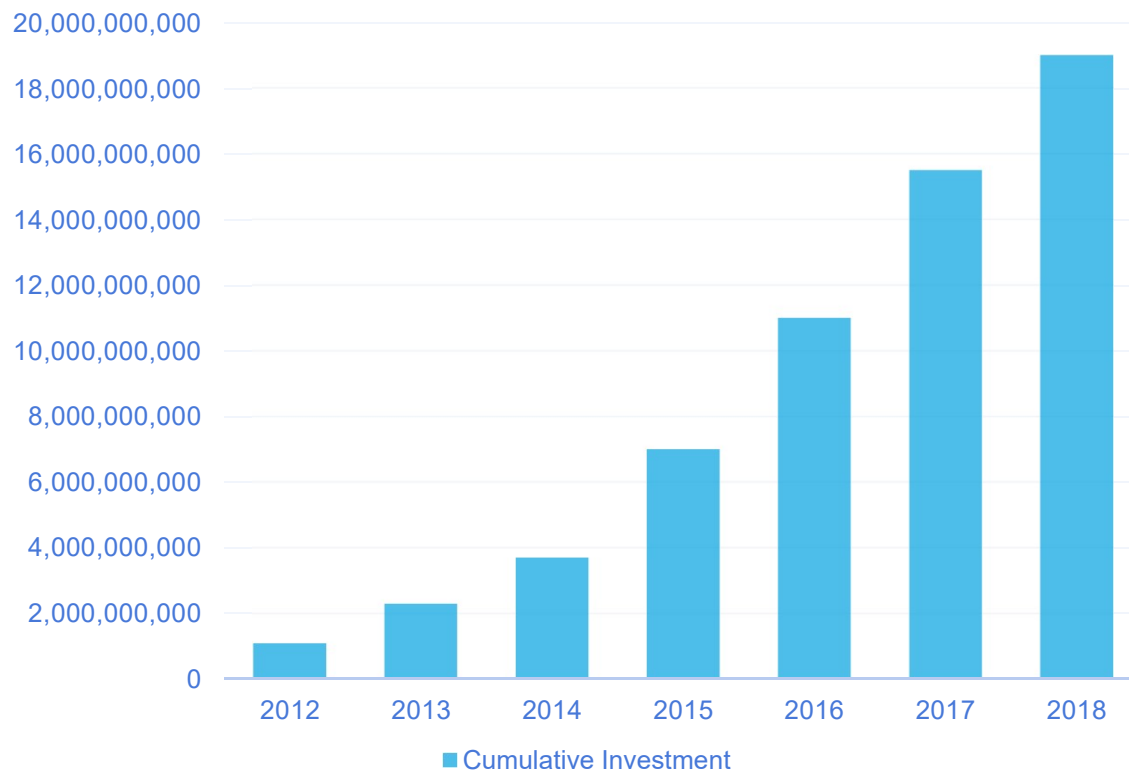
- 47 leading financing companies
- Primarily project originators
- Some institutional secondary market investors and specialty providers (e.g. performance insurance)
- Active in all sectors including C&I, MUSH, multifamily, and residential across the U.S.
- Finance a wide range of technologies
- Represent large, medium, and start-up companies

Goals of the Financial Ally Program

- **Recognize** the Allies for their success
 - 5 goal achievers in 2019, 23 total
- **Educate** the market about financial products available
 - Webinars, conferences, Navigator, etc.
- **Connect** building owners and vendors with financing providers
 - Navigator, speed dating, etc.
- **Unlock** the market with case studies and best practices
 - 15+ Ally developed case studies

Cumulative Financial Ally Investment by Year

Cumulative Investment



Key Takeaways:

- Allies funded \$3.4B in 2018
- Allies funded \$19B cumulatively between 2012 and 2018
- Significant year over year growth

Key accomplishments in the last year

Sector-Specific Energy Financing Primers

■ Sectors include:

- Commercial
- Healthcare
- Higher Education
- Industrial
- Multifamily
- State and Local Government

■ Sections include:

- Common Barriers
- Common Financing Solutions
- Financing Considerations
- State of the Market
- Better Buildings Case Studies
- Next Steps

The screenshot displays the 'Better Buildings Financing Navigator' website. The header includes the 'Better Buildings' logo and navigation tabs for 'SOLUTIONS', 'PROGRAMS & PARTNERS', 'SUMMIT & SWAP', and 'LEARN MORE'. Below the header is a search bar and a main navigation bar with options like 'EXPLORE BY TOPICS', 'BROWSE SOLUTION TYPES', 'TOOLKITS', 'FINANCING NAVIGATOR', and 'RESILIENCE'. The main content area features a large banner for 'BETTER BUILDINGS FINANCING NAVIGATOR' with a background image of a modern building interior. Below the banner, there are sections for 'Higher Education Energy Financing' and 'INTRODUCTION'. The 'Higher Education Energy Financing' section includes a list of 'COMMON FINANCING SOLUTIONS' and 'FINANCING CONSIDERATIONS'. The 'INTRODUCTION' section provides an overview of the primer's purpose.

COMMON FINANCING SOLUTIONS

- ✓ **ENERGY SAVINGS PERFORMANCE CONTRACTS (ESPC)**
Performance contracts, in which an energy service company (ESCO) provides energy efficiency equipment in a customer's facilities and is paid from the energy savings it generates. [Read more.](#)
- ✓ **INTERNAL FUNDING**
Many institutions have established green revolving funds and campaigns to finance energy projects without accessing external capital markets.
- ✓ **LEASES**
Higher education institutions may use lease financing to acquire energy efficiency equipment. This way, institutions can avoid capital costs up front, for public and private institutions.
- ✓ **DEBT OR LOAN**
Higher education institutions may use debt or loan financing to acquire energy efficiency equipment. [Read more.](#)
- ✓ **OTHER OPTIONS**
Efficiency-as-a-service and power purchase agreements.

FINANCING CONSIDERATIONS

There are a few unique characteristics of the higher education sector:

- Campus buildings rarely change ownership, allowing institutions to invest in energy efficiency improvements.
- Schools often have older buildings in their portfolios, which creates a large savings potential by replacing outdated equipment.
- The close proximity of campus facilities and the larger performance contracts and green revolving funds.
- Many schools have sizable endowments that can be used to fund energy efficiency investments, capital in charge of the endowment.
- Academic departments and students can provide assistance.

Higher education institutions with limited budgets for energy efficiency improvements can explore Energy Savings Performance Contracting (ESPC) as a financing option. Under an ESPC, an energy service company (ESCO) provides energy efficiency equipment and is paid from the associated energy savings. The cost of the equipment is covered by the school and may be included with ESPC or as a separate project. ESPCs can be self-funded if the school has enough cash on hand, or it may seek financing from a third party under its own terms or all of the school's cost. The majority of financed ESPCs are backed by an on-balance sheet financing mechanism, such as a loan or capital lease. Under these structures, the school owns the equipment throughout the financing term. According to a recent [Lawrence Berkeley National Laboratory \(LBNL\) report](#), ESPCs reported that from 2012 to 2016 the majority of higher education institutions paid for ESPCs with 100% external financing, while self-funding or using a combination of internal and external capital represented a small percentage of projects.

Efficiency-as-a-Service Toolkit

- Toolkit highlights different EaaS models in use and range of projects from different sectors
- Case studies from:
 - Allumia
 - Citi
 - Metrus Energy
 - Redaptive
 - Sparkfund

EFFICIENCY-AS-A-SERVICE

Efficiency-as-a-service is a pay-for-performance, off-balance sheet financing solution that allows customers to implement energy and water efficiency projects with no upfront capital expenditure. Efficiency-as-a-service is gaining popularity because it overcomes market barriers that other mechanisms do not, and it limits customer performance risk while still providing an avenue for short-term energy and cost savings. The energy services agreement (ESA) is the most common type of arrangement, but other models such as lumens-as-a-service and energy subscription agreements are also in use. This toolkit provides resources and project case studies for building owners, operators, and occupants that may want to take advantage of efficiency-as-a-service to improve energy and water performance in their facilities.

TOOLS

- Efficiency-as-a-Service Fact Sheet**
This fact sheet describes in detail the efficiency-as-a-service financing solution and summarizes different models in use.
- Efficiency Services Agreement (ESA) In BAE Facilities Nationwide Implementation Model**
Metrus Energy deployed multi-measure energy efficiency retrofits in BAE Systems facilities with no upfront costs using an Energy Services Agreement (ESA).

AT&T, Redaptive Efficiency-as-a-Service
Redaptive partnered with AT&T to implement energy and water efficiency projects at nearly 650 facilities using an efficiency-as-a-service model.

Kuakini Medical Center Implementation
Metrus Energy's ESA structure funded energy efficiency improvements and equipment upgrades at the Kuakini Medical Center, resulting in a projected 25% reduction in its total utility bill.

Citi Riverdale Data Center Energy Services Agreement Implementation Model
Citi used an energy services agreement to fund energy efficiency retrofits for cooling at its London data center.

Technology Subscription for Assisted Living
Sparkfund's Technology Subscription enabled a new interior and exterior lighting without upfront costs from serving their residents.

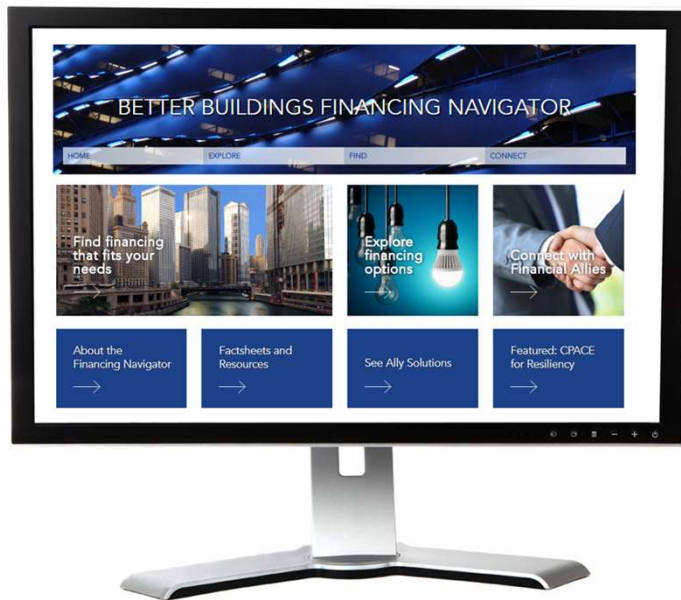
Lighting Upgrade at Grocery Store Using Allumia's Efficiency-as-a-Service at a Glance
Allumia funded and installed a new LED lighting system at an Apple grocery store using Allumia's efficiency-as-a-service model.

Incorporating Water Efficiency Measures into an Energy Services Agreement (ESA) Solutions at a Glance
Metrus Energy will save Parrish Medical Center nearly \$830,000 annually through energy and water efficiency upgrades using efficiency-as-a-service.

Available at: <https://betterbuildingsolutioncenter.energy.gov/toolkits/efficiency-a-service>

The Better Buildings Financing Navigator

The Better Buildings Financing Navigator is an online tool that helps public and private organizations find financing solutions for energy efficiency and renewable energy projects.



New features include:

- Renewable financing options
- Sector specific primers
- Advanced search function
- Streamlined design

Market traction

- 15,000+ users since launch
- 50,000+ total pageviews

Available at: <https://betterbuildingsolutioncenter.energy.gov/financing-navigator>

New Financial Allies in the Past Year



Hartford Steam Boiler



Around the room introductions and updates

The Next Big Thing? Finance + Resilience

- DOE is considering a new initiative on the intersection of finance and resilience for commercial buildings
- Participants: Building owners and investors, Financial Allies, and insurance companies
- Activities: Roundtable, toolkit of resources, virtual mini-conference
- Key topics
 - Measuring financial portfolio risk and building a resilience improvement plan
 - Mitigating insurance risk and cost
 - Resilience risk disclosure and reporting protocols (e.g. TCFD, GRESB)
 - Accessing capital for resilience improvements

Other Priorities

- Basics of energy finance section on Navigator
- Green bonds
- Highlight emerging issues in commercial PACE (new construction and securitization)
- Expand on efficiency-as-a-service resources
- Internal funding

Open Discussion

- What would you like to see DOE focus on?
- For anyone who didn't bring up a barrier earlier, is there anything you would like to share?
- What is a trend that you are most excited about?

Thank You!

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