Better Buildings
Decarbonization Peer Exchange:
Financing Decarbonization

Rick Wenger, Skyven Technologies
Today’s Moderator

Hannah Debelius
U.S. Department of Energy

Questions for the speakers?
Join the conversation at slido.com #DOELCP
Agenda

- Financial Allies
- Options for Financing Decarbonization
- Speaker Q&A
Please go to www.slido.com using your mobile device, or by opening a new window

Enter Event Code

#DOELCP
Financial Allies
Financial Allies Overview

Who are the Financial Allies?

- 50+ market-leading financing companies that have committed to funding energy efficiency and renewable energy projects
- Represent large, medium, and start-up companies
- Active in all sectors (C&I, MUSH, and residential)

What are the goals of the Financial Allies program?

- Educate the market about financial products available
- Connect building owners and vendors with financing providers
- Unlock the market with implementation models and best practices
- Recognize the Allies for their success

To join, contact: Mike Powers (mpowers@retechadvisors.com)
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.

The Navigator at a glance:
- Explore options and find solutions
- Dozens of case studies, fact sheets, resources
- Connect with Financial Allies
- 25,000+ users since launch

Available at: https://betterbuildingssolutioncenter.energy.gov/financing-navigator
DOE Resources

Finance and Resilience Roadmap

Explore a set of resources and case studies designed to help commercial building owners develop a plan for measuring, managing, and mitigating resilience risk

https://betterbuildingssolutioncenter.energy.gov/finance-resilience-toolkit

1. Building the Financial Business Case for Resilience
2. Managing Insurance Cost and Business Risk
3. Financing and Implementing Resilience Projects
4. Benchmarking and Disclosing Resilience Performance
5. Creating a Resilience Risk Management Plan
Today’s Presenter

Rick Wenger
Technical Sales Engineer
Skyven Technologies
Sustainability and Alternative Financing
About Skyven
OUR MISSION //

DECARBONIZE THERMAL ENERGY

In Manufacturing
WE’RE NOT CONSULTANTS

We are a projects company.
1. **IDENTIFY** and **FOCUS** on large opportunities for energy savings and CO2 reduction

2. **ENGAGE** with the plant and corporate stakeholders to propose a project that makes sense for everyone

3. **MANAGE** the project in partnership with you to reduce the organizational burden
WHAT WE DO //

ALIGN + FUND

our financial goals with your emissions reduction

the project with no capital expenditure, if needed
THE PROCESS //

PROJECT DISCOVERY

BASIC ENGINEERING

PROJECT EXECUTION

MONITOR & MAINTAIN

REPEAT
TOP REASONS DECARBONIZATION PROJECTS FAIL/

- Lack of technical expertise to evaluate or execute
- Lack of funding
- Insufficient payback/ROI
- Uncertainty in savings performance
- Lack of awareness
As a consumer, two funding paths exist:

1. Your own funds

2. Third-party funding
Two pathways for Third-Party funding

1. The consumer gets the funds themselves

2. A vendor funds the project for you
# Key Evaluation Criteria for Third Party Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>Consideration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment ownership during term</td>
<td>Customer owned vs. service provider owned</td>
</tr>
<tr>
<td>Accounting implications</td>
<td>On vs. off balance sheet</td>
</tr>
<tr>
<td>Project size and contract length</td>
<td>Larger projects (&gt;$1M) and longer contract terms (10-20 years)</td>
</tr>
<tr>
<td>Common sectors</td>
<td>Public vs. private, industrial vs. commercial</td>
</tr>
<tr>
<td>Standardization</td>
<td>How varied are the services provided (O&amp;M, M&amp;V, data analysis, etc)</td>
</tr>
<tr>
<td>Payment variability</td>
<td>Variable, fixed, annual adjustments, minimums</td>
</tr>
<tr>
<td>M&amp;V</td>
<td>Calculated Baseline vs real-time</td>
</tr>
<tr>
<td>End of term options</td>
<td>Purchase equipment at fair market value, bargain value, reclaim equipment, abandon equipment</td>
</tr>
</tbody>
</table>
Lease vs Service Contract

- Lease transfers control over some aspects of the asset to the customer.

- With a service contract, the supplier owns the equipment, and you pay for the “output” of the equipment.

- This must be determined by your internal accounting department and lawyers.
SUCCESS STORY/

Client: Large national butter manufacturer

Projects:
• Solar Thermal
• Condensing Economizers
• Steam Trap Management

Potential Impact:
• Save 223,000 MMBTU annually
• Reduce CO2 emissions by 12,000 metric tons annually
• Zero CapEx, pay per BTU saved

What went right?
• Strong Project Champion
• Customer was open to new business models
• Large Grants and Incentives available
• Low risk to throughput, safety and quality
• Economically viable (good payback/IRR)
FAIL STORY//

Client: Large Ethanol Producer

Projects:
• Industrial Heat Pump
• Natural Gas Fired CHP System

Potential Impact:
• Save 174,000 MMBTU annually
• Reduce CO2 emissions by 21,900 metric tons annually
• 100% of Scope 1 emissions reduced, 20% of Scope 2
• Zero CapEx, pay per BTU saved

What went wrong?
• No Project Champion
• Mid-project employee turnover
• Project path too complicated and bumpy at times
• Lots of “competing” projects
What can you do to push third-party financing energy projects forward?

- **Assign** an internal champion – or become one yourself
- **Set** clear expectations – decarbonization projects have to be a priority for all stakeholders
- **Educate** your team early on alternative financing paths – involve financing team early
- **Pull in** grant and tax experts – the IRA will provide opportunities to improve ROI
- **Evaluate** different finance providers and their services – where do you need the most support that they can cover?
Please go to www.slido.com using your mobile device, or by opening a new window

Enter Event Code

#DOELCP