Kyle Saltsman: Hello and good morning. Thank you so much for joining the webinar today. We're going to give folks another moment to log in, but we'll be starting very soon.

[Pause]

That's about enough time for everyone to be logging in, so let's go ahead and get started. Hello, everyone, and welcome to the 2022-2023 Better Buildings Webinar Series. We're dedicated to bringing you the latest actionable insights from leading industry experts. This annual series has a chance to explore topics in-depth, technologies, and trends that affect you and your organizations, as well as efforts to accelerate decarbonization and energy efficiency adoption.

Today's webinar is called "Show Me the Money: Financing Decarbonization Projects." Before we dive in, there are a couple housekeeping points I want to cover.

Please note that today's webinar will be recorded and archived on the Better Buildings Solutions Center. We'll follow-up with today's recording and slides when they're made available.

Next, all attendees are in listen-only mode, meaning that your microphones are muted. If you experience any audio or visual issues throughout the webinar, please send us a message in the Q&A box you'll get at the bottom of your Zoom panel. We'll discuss shortly how to send us questions during the presentation. We're very interested in hearing what you most care about.

Next slide please.

My name is Kyle Saltsman and I'll be your moderator today. I'm a member of RE Tech Advisors and I've been co-lead of the Financial Sector Engagement with the Better Buildings program for the better part of three years. Before that, I spent five years based in D.C. working at a financial organization called Sparkfund. I'm really excited to share some remarks with you today as well as introduce our speakers soon.

Next slide please.

We'll be hearing from three speakers, including Peter Ludwig from Connecticut Green Bank, Martin Powell from Siemens Financial Services, and Natalie Campos Goodman from IncentiFind. I will introduce them properly in just a moment, but first I'm going to start with a few slides to set the stage for our presentation today.

Next slide please.

First, I'm going to start with this trend graph that really shows that the trend towards decarbonization and decarbonization commitments has shifted from just a trend that some leading organizations ambitiously would take on, and has really become a true paradigm shift with how organizations are expected to lead and operate in the market today. Huge proportions of the largest organizations are adopting commitments to meaningfully reduce their emissions through a number of different frameworks.

This graph, by the way, doesn't include DOE's Better Climate Challenge, which some of you may have already joined, and which you are welcome to join if your organization hasn't already. So the point is that there's a lot of ground to cover, both for avoiding the worse effects of climate change, but also for companies just to realize the commitment that they've made in order to achieve the necessary participation in these frameworks.

Next slide please.

To do this is going to require a massive deployment of capital. This capital is going to come from a number of different places. It will come from internal sources, capital expenditures from organizations, but we know that external capital sources are going to be a major part in how this happens. This includes funding sources like grants, incentives, sources of capital that don't need to be repaid, as well as financing sources, third-party capital that's used and requires some form of repayment in order to access that capital.

This is going to happen at scale. It's going to happen at a utility scale, it's going to happen at a state and national scale, but it's also going to happen at the local scale, even down to individual facilities and small- and medium-sized businesses who are also needing to make and participate in this deployment in order for the necessary progress that has to happen to occur. Learning how to access these various sources of capital is the core point of today's session.

Next slide please.

It's a confusing space. Let's be clear about that, but you aren't alone in trying to understand it and navigate this space. One of the resources available to you are the financial allies. These are participants in the DOE's Better Buildings programs, and these are organizations that come from a wide variety of different perspectives. We have banks. We have dedicated financiers who specialize in a particular financing method like PACE, Energy-as-a-Service. We even have CDFIs and some insurance companies who have joined this organization specifically to provide guidance and answer the questions that you might have about how you access third-party financing capital.

We're joined today by IncentiFind, not a financial ally, but is an organization that specializes in trying to navigate non-financing methods, so grants and incentives. We're really, again, looking forward to that part of the presentation as well.

Financial allies have deployed in aggregate over $2 billion since joining the program. So they operate at a tier that is meaningful for the total progress that needs to happen. The key point is that these organizations are available to you to answer any questions that you have. You can reach out to them through the Better Building Solutions Center.

Next slide please.

In addition to providing access to experts and how to access financing sources, DOE also provides a number of resources specifically meant to demystify how third-party finance works. A chief resource among them is the Financing Navigator, accessible through the link here, and we'll be sharing this link as well as several others after this presentation today.

The Financing Navigator contains fact sheets on how each financing mechanism, both third-party capital as well as some sources of internal capital, be they green revolving funds or even capital raising or restructuring bonds, how it all works. If you've seen these terms, if you're aware that they might be affecting your organization, might be resources relevant to your organization, go to the Better Building Solution Center and learn exactly how these work, and get in contact with financial allies who specialize in these resources, if your organization is interested in taking advantage of it.

Next slide please.

We'll be hearing from some financial allies today on how all of this works, but first I'm going to start with a quick poll, just to learn more about who is joining us. So if you could join us at Slido.com and enter the hashtag DOE, that will give you access to a welcome poll, which we'll go over in just a moment, as well as how you can submit questions to each of the session speakers today.

Again, if you have any questions for us, you can go there. Excellent news for anonymous. If you were able to enter DOE, you're already successfully logged into Slido.

So we're going to start with a poll, which is: what sector best describes your organization that you're joining from today? It's always helpful to let us know who is joining, so we can factor that into some of our questions.

I'll give you just a little bit of time to respond here. It looks like we have a quick lead for government officials of various types, which is excellent. This is definitely something that affects the programs you interact with and help administer as well as your constituents. It also looks like we have a number of private sector individuals from a couple different sectors. Cool.

So it looks like all our audience here is coming from a lot of different sectors. No surprise. This is something that affects you whether or not it's happening in your jurisdiction or is relevant to your specific organization. So is really helpful.

Let's go back to the presentation please.

We can introduce today's speakers. Great. We're joined today by Peter Ludwig, who leads Market Engagement for Connecticut Green Bank's commercial and affordable multifamily market segments. In his role, he helps building owners, contractors and others access Green Bank's Clean Energy Financing Program. So we'll be hearing from him.

We're also joined by Martin Powell, who is the Head of Sustainability and Environmental Initiatives for Siemens Financial Services. He works with businesses, states, and cities to support them in achieving environmental, social, and economic goals. He's been involved in building strategies and developing pathways for organizations to achieve their ESG improvements, as well as roles in energy purchasing, including green funds.

Lastly, we're going to be joined by Natalie Campos Goodman, who is the founder of IncentiFind, a go-to database for commercial real estate and home improvement incentives. Her clean prop-tech startup is radically increasing lean construction across the US by connecting residential and commercial programs to the over $70 billion worth of incentives offered each year. IncentiFind promotes green practices such as energy efficiency, water conservation, solar, electric vehicles and more.

Thank you each of you speakers for joining us today.

With that, I'm going to pass the mic over to Peter Ludwig to kick us off with his remarks. Peter.

Peter Ludwig: Thank you so much, Kyle. And thank you so much to my fellow panelists and to everyone joining us for the conversation.

As Kyle mentioned, I work at the Connecticut Green Bank in a market engagement role. So I spend a lot of my time speaking with building owners and contractors about CPACE financing.

If you would go to the next slide please.

This is a brief agenda. I'll just introduce the Green Bank. I'll talk a little bit about what CPACE is and how it works. Then we'll talk a little bit about our CPACE for New Construction program. We'll talk quickly about a case study, just to kind of ground you in a real project. A couple of takeaways, and then some things I'm thinking about that might help to try to extrapolate our Connecticut-specific experience to folks who might be in different markets across the country thinking about CPACE.

Next slide please.

Very quickly, I just wanted to touch on Green Bank. We are a quasi-public organization. We're set up by Connecticut state statute. Our focus is really on clean energy financing. That includes renewable energy, energy efficiency, electric vehicle infrastructure and charging station. We focus on leveraging public capital with multiples of private capital.

We're supported by a variety of funding sources, including a surcharge on electric ratepayer bills. We get proceeds from our original Greenhouse Gas Initiative, which is a cap and invest program we have in the northeast. We also sometimes win federal awards. We raise money through green bonds and interest income, and sometimes foundation or private investors. So we have kind of a mix of funding sources.

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The main point to this slide is I just wanted you to know that we work in many different parts of the built environment. We work on home solutions. We also have some investment solutions, where people can – we raise money through, as I said, selling bonds and also very small denomination investments we call Green Liberty Notes, which have been very successful, really democratizing access to clean energy investment.

We also have, on the bottom right-hand quadrant, community solutions. Today, CPACE really lives in our building solutions, our programs. So I just wanted to give you an idea of overall what we do.

Next slide please.

Let's talk a little bit about CPACE. I'm sure that many folks have heard of it. I'm sure there are folks on the call who are well-versed in it. CPACE stands for Commercial Property Assessed Clean Energy. At a very high level, the state of Connecticut, along with I think about 26 or so other states in the country, have recognized clean energy improvements as a public good.

So towns across the state can opt into the program, and it allows building owners to secure long-term financing for clean energy improvements to their property with a senior lien, and they are paid back along with – you know, in Connecticut at the same time as property taxes. So it is a way of extending out to 25-year terms, and it's a very secure kind of financing because it's secured with what we call a voluntary benefit assessment, similar to a sewer assessment on the property.

So in Connecticut, we can cover up to 100 percent of the cost of the clean energy upgrades. We do have a statutory requirement that the project has a savings to investment ratio of greater or equal to one. That means that the cost savings from the clean energy improvement must be greater than the cost of the project over the useful life.

A simple example. If you had a rooftop solar system that cost a million dollars and the useful life is expected to be 20 years, you need to have a million and one dollars savings over that time frame in order for us to cover that cost.

The owner then repays over the term through what we call non-accelerating senior assessment, and we'll talk more about what that means. Then what's really nice is that the assessment stays with the property regardless of ownership. So this is a program really designed for commercial real estate.

If you think about being a building owner and maybe you would like to go from a less efficient boiler to a more efficient system, but a heat pump system might be too expensive or the payments on financing might be too steep over a shorter term, you can spread those payments out over 20 or 25 years with a fixed interest rate, which in our market are usually about 5 or 6 percent. That can be really attractive to a lot of building owners.

One other thing I wanted to say about this is the idea that the assessment is a senior lien, secured with a senior lien but not accelerating, meaning that indicates that there's a foreclosure. The banker who holds the first mortgage does not have to worry about the CPACE lender being in a first position, because the CPACE loan will outlast that ownership transfer. The CPACE lender will only need the payment that is due in that tax cycle, and then the rest of the loan to be paid off, and there's plenty of value left for that senior mortgage holder. So usually it's really designed to work in tandem with the senior mortgage holder.

Next slide please.

This is just a snapshot of the kinds of projects we're doing in Connecticut, the range of projects. It's for all kinds of different commercial buildings. Municipal and state buildings are not eligible, but really any kind of commercial building is.

So if you're in an economic development office, imagine – *[inaudible, audio warbles]* – that's totally free to your town, where private capital can be brought in and leveraged to help local building owners really invest in their buildings and increase their net operating income. If you're a property owner, think about being able to stretch their payments out over longer terms and see deeper savings, maybe if you want to use the capital you might have used to replace a boiler or a lighting system and use that for growing your business.

Or if you're a non-profit organization, for serving the community, serve more deeply or rolling out new programs. If you're a bank, if you have the note on that property – *[inaudible, audio warbles]* – a really secure type of financing that doesn't really interfere with the value of your asset, but in fact can strengthen the asset.

Then if you're a CPACE lender, we are a program administrator on a lender. Imagine a very secure product where defaults are really rare. Then if you're a contractor, of course, or a project developer, you have another tool you can use to layer with utility incentives to close larger deals with deeper savings. Then of course if you're a municipal climate leader or really thinking about emissions and decarbonization, then you have a source of private capital that can really make significant reductions in site energy use intensity and emissions.

So up to date, we have done about 375 projects to the tune of about $250 million over the last roughly nine years. So the program has scaled up a lot.

I'd like to pivot, if you go to the next slide please, to the under construction program, because it's a little bit different and it's newer and it really gets at the idea that when we're thinking about decarbonization, we want to build right the first time.

In this program, there's been about nine projects that are closed to the tune of about $40 million. So they tend to be larger projects than the retrofit projects that we have done more of over the last few years. The idea behind the new construction program is essentially – in this graphic, it shows you a developer capital stack with some senior debt and some other kinds of equity and debt.

The idea on the left is either that CPACE does not compete with a senior lender, but it might be cheaper than some kinds of equity or other kinds of debt. So it can really reduce the overall cost of capital for the developer. Or, on the right, it might just mean that since it's a little bit cheaper, it just might be more available capital, so that you don't have to value-engineer certain efficiency items.

Next slide please.

I'm going to talk briefly about the process, and if it's confusing, that will actually play into my later thoughts about how you might perceive CPACE or think about it.

So the way it works in our state, according to our guidelines, is that a developer has to come up with construction plans for the whole building model, that shows that the building is going to perform better than the energy code they're complying with. We then, as a Green Bank, will look at the model, the building model. It could be eQUEST or a couple different models, and send backup documentation.

We then review that. We let the customer know how much CPACE financing is available and then closes an interest rate payment. So it is a pretty technical process.

Next slide please.

On this slide I won't get into a lot of detail, but the point is that the step-by-step process, where at the end you can access 30 percent of almost all of your total construction costs, except this technical stuff you have to go through is not always apparent or the average developer in our market does not always intuitively understand this.

Next slide please.

Since I only have about a minute and a half, I will just say that this is one of the projects in our pilot that was really successful, and this developer did a wonderful job, Bruce Becker. He's also a very experienced developer who thinks about green retrofits and green building all the time. You can look up the links if you want to learn more about it, but it's almost 40 percent above building code baseline.

Next slide please.

We are also really moving towards electrification and decarbonization in the state. As such, we have included the option of additional capital being available if you pursue some bonus technologies like charging stations for electric vehicles. This tried to really coordinate closely with utility programs, to help customers really maximize their efficient design.

We also have an open program design that allows new contractors, capital providers and developers to come into the program if you really want an ecosystem that works. I think that we have noticed to grow the program and to really launch the new construction in the program, education is really key, and we're out talking to all of our partners all the time.

I've also included a couple of links to kind of give you an idea of what our state is thinking about in terms of building their decarbonization.

I have one or two more slides, so if you go to the next slide please.

So I think just a couple quick takeaways. This program works well, the CPACE, where we've deployed almost $300 million in capital. It is a free economic development tool. We really pride ourselves on leveraging currently approximately $7.00 of private capital for every $1.00 of public capital. It just takes a lot of work to partner with people, to coordinate on the customer's behalf to make sure they're getting the right mix of rebates, incentives, technical assistance. This is really an area of deep focus for us right now.

If you go to the next slide.

As I started to think about if I was building on another market what would I do, and I think one thing is if you're financing or refinancing or going for a mortgage on a commercial property, kind of talk to your lender about CPACE because CPACE does require consent from the mortgage holders since it is a senior lien. Finding someone who can really – if it's a retrofit project or a new construction project, you can really outline a cost-effective scope that makes sure you're getting the most performance out of the building, and also you have the best mix of incentives for financing, and also understands all the nuances of these different programs, because they're going to vary between the Green Bank and the utility companies. They're going to vary in different states.

There are other program administrators like the Green Bank, who can be a great resource to help you talk through this. There are also some resources at PaceNation.org, where you can actually click in and see is there a C-PACE program in your state, is it active, and that sort of thing.

I believe that is the end of my – is there one more slide or just the thank you slide?

Kyle Saltsman: Just the thank you slide.

Peter Ludwig: Okay. Thank you. Sorry for going over a little.

Kyle Saltsman: Thank you so much for your remarks, Peter. Next up, we're going to hear from Martin Powell at Siemens Financial Services. Martin, are you ready?

Martin Powell: I am ready. I am just putting my camera on. Hopefully you can see me. Thanks very much for the opportunity to speak today.

This is not a presentation actually about finding capital, because as you've seen, there are lots of financial allies out there. This is about ensuring you're doing the right decarbonization projects, making the right technology choices, and then how best to access capital that keeps your risk to a minimum. I'll explain a little bit more as we go through.

The next slide please.

Just very briefly, I'd like to explain a little of the context of who we are. Siemens Financial Services is part of Siemens, which have a number of technology divisions around smart infrastructure. We do digital industries, big mobility schemes, IoT consulting. That actually translates into financing expertise in that left pillar, which is decarbonization; better use of resources in that middle pillar; and on the right, better outcomes for people. So we're very focused on community and also how local government can interact with us to drive more community-type projects.

The next slide please. And you can go ahead and unravel it. Thank you.

The next slide is pressure. There's pressure on supply chains. I think we've all seen this now. Small to medium enterprises, SMEs are being asked to provide a level of detail that I've never seen before by big business. This is, on the left, an example of a Fortune 100 software company that signed up to science-based targets, as many big businesses have, such as ours.

They're asking every single supplier for every contract to calculate the Scope 1 and 2 emissions. Then the value of the contract is divided by their annual revenue, so that the company can understand exactly the amount of carbon that's being passed in the course of this contract.

So in the past, if you're a small business competing or bidding on a \$50,000.00 contract, the winner is now being chosen for those with the lowest carbon emissions. This is a real shift. I'll come back to that in a moment.

On the right-hand side, of course the Securities and Exchange Commission are driving much greater transparency. So we're simply going to see this effect compounded through all businesses.

I'm sure you've heard this before, but 99 percent of American businesses are small to medium enterprises, employing 60 million people. They're going to have to directly reduce emissions by 20 percent. That's the pressure that will come from the company that signed up to science-based targets, just to survive. So they're going to have to do that right away.

The progressive reduction of 100 percent reduction over time is just to stay competitive. So it's a real game-changer. This isn't a question of buying offsets. This is a question of showing real reduction across the assets that these companies own and run.

The next slide please.

It's very clear – and again, you can unravel it. Thank you – that a company's supply chain should be targeted, but it should be supported as well. So supply chains in our organization are over 50 times higher than our operational emissions. So it makes sense for us to expect more from our suppliers in terms of decarbonization, but also to support them in that journey as well. This shouldn't be about getting our SMEs to reduce their emissions without helping with support.

It's also very clear, I get three e-mails a week with an offer from an organization to help me baseline my emissions. So it's no surprise that an SME without any in-house expertise doesn't know where to begin, and probably, more importantly, doesn't know who to trust and where to get their advice from.

Next slide please.

I just want to cover these three elements here. On the left-hand side, we built a tool that can help SMEs understand how to reduce emissions, not what their baseline is, but actually what they could do to make a meaningful reduction, the right technology choices, what the paybacks look like, how the business case is then generated.

It's a very agnostic tool. We'll give this away. Others will be trained to use it that are supporting SMEs with training and advice, and this tool will then also enable them to understand not just what the baseline is, but how they can meaningfully reduce it.

The SME can then really take their time to consider the different scenarios that the tool generates, and then think about the balance of procuring some offsets maybe, definitely some onsite energy efficiency measures with fast paybacks, maybe some longer-term onsite clean energy generation. Then it might be a question of them having to electrify their fleets or other parts of their operation, so some EV charging.

They can then decide how to procure this through any means. They could just do direct project finance or direct loan. The loan could also be linked to carbon outcomes or energy reduction outcomes, and if they achieve those the rates on those loans could be better, so sustainability-linked.

The propositions can also be combined together, so a fully financed technical solution, a turnkey solution that guarantees the outcomes. The beauty of this is that you're taking the stress away from the SME, who is unsure where to begin, how to baseline their emissions and shore up the technologies that they may have to use and deploy. They are now seeing a fully baked offer with very clear paybacks, and also very clear commitments on what that will mean for emissions.

I think while the majority of SMEs lack capacity and capital, this may be a much more meaningful way for businesses to go about decarbonizing their operations.

The next slide please.

Just as Peter did, I'd just very briefly like to show a case study. In Princeton, in our facility there, it's just a regular business park. We put some onsite what we call fisheyes, solar that tracks with the sun. We put energy efficiency metrics in, which is absolutely critical. No building should have clean power without ensuring that you maximize the efficiency of how that energy is used first.

We put some storage on a microgrid, so it can operate in an islanded mode, and some EV charging, and all of that. It talks to one another and we monitor and show that up in the building for all to see how it's used and how it performs, so that people can a) come and see it, but b) also understand what a neat packaged solution could look like.

I won't go into any more detail. You'll see there's a link there, so please do have a look, and we're more than happy to invite you to come and see us.

Next slide please.

Just two more slides, just to finish. Fifteen years ago I conducted an experiment. These are my children, Tessa, Jacob, Albert, and my chickens, Daphne and Josephine. I've since gained a child and we lost the chickens, unfortunately. But this was an experiment to show you what 80 liters of waters looks like.

So if you'll just click one slide.

I filled the paddling pool with 80 liters of water. I couldn't visualize it. The reason I did it, I wanted to see – this is the carbon-neutral definition of water use per person per day in a domestic setting, so in our homes. So if you want to be considered a carbon-neutral position when it comes to water, then 80 liters is what you have to get to.

I can tell you in the US we consume 280 liters per person per day, so a long way to go. No one in the world actually gets close to 80 liters, but I wanted to show it because this is what we need to start doing with energy. We have to visualize it. We have to measure it, how we use it, where we consume it better.

Then we can begin to manage how we decarbonize. We can then finance it, and then we can implement with real precision, so that more and more businesses will guarantee the outcomes, guarantee the performance of those assets over the lifecycle, and that will give much more trust to those that don't know where to begin and want to rapidly move forward. That's really the energy journey ahead of us.

Thank you very much indeed. Thank you.

Kyle Saltsman: Excellent. Thank you so much, Martin. Now I'm going to pass the mic over to Natalie Goodman for her remarks. Natalie.

Natalie Goodman: Hi. Thanks so much for having me. We can head into the first slide. So you've heard from different financing mechanisms. Today I'm going to talk about green building incentives.

Next slide please.

IncentiFind is the nation's go-to database for green building incentives. As you can see here, we're transforming the US to go green using $70 billion worth of incentives, and I'll give you a sneak peek into our database here in a second. We are headquartered out of Houston, Texas. We do service all 50 states, no US territories, and expect our continued expansion into Canada.

Next slide.

So here's what you can find in IncentiFind's database. We are considered the only holistic database. That means we house incentives from federal, state, county, city, and utility-level governments. We have over half a million ways to save when building green. Our database is worth about $70 billion per year. You can see the incentive types that we house: tax, grants, fee waivers, rebates, bill credits, and loan programs.

Out database houses the green incentives you see on the screen. It's all things energy efficiency, indoor and outdoor, all things renewables, all things water conservation, both indoor and outdoor. We further house incentives related to the land that an asset sits on, and the only way we go horizontal are electric vehicle charge stations. You can see that we house incentives applicable to the commercial sector, residential, new construction, existing buildings, publicly owned assets as well as privately owned and tenant leases.

Next slide.

This is one of my favorite slides. No, I'm not going to go over every single bullet. It's really just the ones in dark green, but I always ask our incentive research team anytime we have an audience like yourselves: what's one takeaway that you would want the audience members to absorb about incentives?

You would think across all our team members there would be some overlap, and there's not. I think that's very reflective of just how the nature of incentives – I mean it does vary by level of government, incentive type, how it's applied. There's a lot of nuances when it comes to incentives.

So the three things I'm going to talk about today from this slide is to realize half of all incentives go unclaimed, simply because of lack of awareness or basic incentive knowledge. So we're going to give you a primer today.

The other thing is to realize funds from incentives are limited. It's a first come first serve basis. We say funds typically open each January, for most incentive programs. Then as funds are reserved, they'll deplete on into December, when incentive programs will close, and then, again, funds will be replenished in January.

Then the last bit, you wouldn't believe how many developers show up to IncentiFind with a core and shell project or a project they built and designed to basic building code and say, "What incentives are available to me?" The building, the home must conserve energy or water in some shape or form, or it can produce renewable energy as well.

Next slide.

Here are some of the primers about incentives. Everyone on a project team can benefit from incentives. Up at the top you can see developers, owners or tenants realize that incentives can reduce the cost of a project. They might help close some of those funding gaps, but incentives will never fully fund a project, and incentives will never be provided in advance of the project. They're typically paid out after construction completion.

For representatives that are in the audience today or project managers or program managers, realize that incentives do not delay projects. In fact, they can help projects stay on budget.

For any architects, engineers or other design team members on the line today, realize that incentives can help your owners achieve their design goals, and sometimes we've seen them help avoid value engineering, which is really nice.

For GCs on the line or installers, the same thing here. Incentives can help create well-funded projects, and should you find yourself in a value engineering exercise, remember, use incentives to help with those equipment changes and keep that owner on track for their sustainability goals.

Next slide.

The critical roles that everyone plays on a project team when it comes to incentives, this slide is actually surprising to most of our audiences. I think it's pretty obvious that if you're a developer/owner/tenant, if they're not onboard with capturing or being the beneficiary of incentives, the project is not going to be able to capture them. Your beneficiary needs to be onboard.

For your project managers or representatives on the line, realize you are the most critical team member in identifying incentives as far as timing goes, and we're going to talk about timing here in a second.

Design team members, you're the most critical team member when it comes to identifying incentives, but also running the cost/benefit analysis. We have a lot of developers that ask IncentiFind, "Are you going to do the ROI on my incentive?" No. That's what your design team does. We're just the database team.

Here's the most surprising team member, and we've seen a lot of projects lose incentives because the GC or installer was not onboard with helping to capture the incentives. They are the most critical team member when it comes to applying and receiving funds from incentives, because many incentives will require certain project documents during the construction and installation phase that only the GC can provide in a timely fashion. So my best advice here is make sure your GC is onboard; engage with them early on.

Next slide.

Value statement. So here's that timeline. We always get asked: what's the best time to consider incentives if we want to leverage them on our project? That's pretty easy. You can never consider incentives too early.

Incentives, we've been part of location strategy engagements. The design phase is the most optimal time to consider incentives, especially if you want to maximize how much you can receive from incentives by working with your design team to look at more energy-efficient solutions or more water-conserving solutions or solar-related solutions. So the design phase, the perfect time to consider incentives.

If you're at the tender phase, which is when you typically as an owner are going to look for that architect or that GC, you're kind of getting to like bottom of the ninth. You're going to really need to think about incentives very quickly. And more than likely at the tender phase, whatever the design solution that's already been established by the architect, incentives are probably just going to reward that solution.

If you're at the construction phase, meaning a wrench has turned or a shovel has gone into the ground, for existing building assets that are undergoing an upgrade or a major retrofit, you could be too late, to be honest, because most of your existing buildings, they have to have their existing conditions documented, so that the incentive programs can say, "What was existing in the building, and what was it upgraded to?" Incentives are paid off of that difference. So if the existing conditions aren't documented, you cannot go after those incentives.

For new construction, you are definitely at the bottom of the ninth. You need to consider those incentives. They are only going to reward the design solution. And if a project is at certificate of occupancy or handover, consider incentives kind of out of date. Rarely have we seen incentives that are retroactive. So again, design phase is the best time.

Next slide.

I'm going to show a few case studies, because I think incentives are best seen in practice and through storytelling, so we can head into the first case study.

Here we have a multibuilding redevelopment. Everyone always thinks about incentives applicable to a single building. We've seen cases where we have a new construction building, an existing building on the same quad that's being renovated. So here's a great example of a project in central Texas.

Notice down at the bottom, the developer came to IncentiFind during the conceptual design phase. An optimal time to consider incentives. They plugged in some project credentials and our system said there's about $1.5 million worth of incentives across your 12 buildings. Would you like to look at the incentives that are available?

The developer progressed to the second step of our three-step process, and noticed that out of 42 incentives 18 were selected. Look, not every incentive is going to be right for a project. Your design team will help the owners understand which are the best incentives to go after.

Then after the 18 incentives were selected, appropriate documents were provided in a timely fashion by the GC, and we were able to help the owner capture about $500,000.00 in cash reimbursements. And up at the very top of the right screen, you can see the developer was able to realize cost savings through incentives to keep the project on time and within budget.

Next case study. All right, here's a public hospital. We get asked all the time: well, if it's not a tax paying entity, they can't get incentives. That's actually not the case. As long as the public entity pays the electric/water/gas bills, they're eligible for incentives. So let's take a look at a public hospital.

Down at the bottom, notice the MEP engineering firm. They approached us during the design phase, an optimal time to consider incentives. We revealed some potential savings and progressed to the second step, which is to analyze the 13 incentives. Six were selected based on the project's scope and timing, and appropriate documentation was provided to capture the incentives you see at the bottom right-hand screen. The goal is up at the top, so the public institution was able to achieve cost savings, reducing their overall operating expenditures.

Next slide.

So you've seen some holistic upgrades or new construction. Here's a one-off equipment upgrade to a building, just some rooftop solar on the existing asset. The same thing here. The building owner noticed. They came to us during construction mobilization. That is bottom of the ninth. We had to act very quickly. Out of the 13 incentives, the owner quickly selected eight, provided immediate document access from their solar installer, and we were able to get some cash reimbursements, as you see down at the bottom, as well as some tax-related incentives.

Next slide.

Last but not least, you saw some one-off projects, some one-off buildings, new construction, existing buildings. You also saw a one-off equipment case study. Here's a portfolio.

Now it's just seven hotels. We've seen up to, I don't know, about 1,000 assets in a single portfolio come through our system. So in this case, the developer approached IncentiFind during location strategy. Where do I put my hotels, my seven new hotels?

Notice our system returned some estimates of potential cost savings. We can look over a lot of incentives with seven assets. So out of 93, 42 incentives were selected across the seven assets. You can see appropriate documentation was provided in a timely manner, and we were able to help this owner capture cash reimbursements as well as the tax incentives you see down at the bottom. The goal here, up at the top, is the developer was able to achieve critical sustainability goals for their new stakeholder requirements.

Thank you very much.

Kyle Saltsman: Excellent. Now we're going to start our Q&A portion. So if you haven't already, you can join us over at Slido.com and enter the event code DOE to submit and upload some existing question. I can just bring up the speakers. Turn on your webcams so we can get started with some questions.

I'm going to start with a general one that came in from the Q&A, which is: how do you handle the too good to be true questions, when people hear about your programs, hear about your offering, and think to themselves, "Okay. That sounds great. But what's the catch? What's going on here?"

Peter – *[inaudible, speaking quickly]* – in terms of CPACE, so maybe we can start with you and then hear from the other panelists about how you handle that question.

Peter Ludwig: Sure. I'm always pretty upfront about the – CPACE is not an entirely simple process. It's not like an on bill financing program, where you can close off in three days or something. There's the question about lender consent. There are a couple of flags that we usually try to identify early on in the conversation with the customer or contractor, and try to temper the excitement and enthusiasm that we all might feel about getting a project developed. I think usually that kind of approach just grounds the conversation in reality and tends to build trust.

Kyle Saltsman: So being honest about that it's not an effortless process. *[Inaudible]* – the guidelines and requirements. Martin, how about you?

Martin Powell: I like Peter's answer. I think you've got to show a technical solution that's fully financed, and you've got to show people what it's going to cost, and what the payback is and what the risks are. I think generally there's not enough projects that are done like that.

I'll respond directly if I may in Slido, because I got the most likes and it kind of answers this question, the most likes to this question, which was did I say the ESG maturity tool is free. Obviously the word free seems to stimulate – it is free, but it's not like one of these online tools, where you can kind of calculate if you put two solar panels on your roof. What would the paybacks look like?

This is a complicated tool for an industrial setup. So what we would do is partner with any organization that is looking to support a group of SMEs. We would help educate them in how to use the tool so it's deployed properly because, as you can imagine, building up those business cases requires some precision, and we pride ourselves in doing that.

So absolutely yes is the answer, but it's not something that we would just give away freely. We would work with a partner organization to do it.

Kyle Saltsman: Got it. It sounds like for both of you it's a question about process and clarity as one of –

[Crosstalk]

Martin Powell: Yeah, and accuracy. Again, as Peter alluded to, this is about providing people with a very clear view of what the endgame looks like.

Kyle Saltsman: Natalie, any response from you?

Natalie Goodman: I echo both what Peter and Martin are saying. I mean as you saw in the presentation that I gave, timing is everything and having the right conversation at the right time with the right stakeholders, that's the best way to manage this too good to be true kind of mindset. It's because you're going to quickly look at accurate sets of data, and since this might be one of them, other financing mechanisms might be the others, and it's going to force those conversations to happen.

Throughout those conversations, as long as there's good goal setting and alignment to those goals, the outcome, I think the expectations will be managed, and the solution will lose that, "Oh, is this too good to be true?" and I think a clear path forward for how to fund the project will reveal itself.

Kyle Saltsman: Great. For our next question, I'm going to shift over to the Inflation Reduction Act. So on the general subject of the IRA, what do you think will be the biggest change that is worth waiting for as the IRA gets rolled out? And what is not going to change and what is not worth waiting for in terms of the IRA?

Natalie, maybe we can start with you on this question, just because you probably get it a lot.

Natalie Goodman: I always get it a lot. I actually had a slide, but I don't know why the background wasn't showing up on it. So here's what we do know about the IRA. Let me preface with a lot of people didn't realize this, but during COVID many incentive programs changed overnight. One example is many incentive programs would require onsite inspections, so that incentive program managers could see the eligible equipment was in fact installed.

We had to change all of these programs overnight, and we were able to do that just by close engagement with federal, state, county, city, and utility-level governments. The IRA bill is not going to be any different. We're going to approach it with that same methodology that we did, all of the pandemic changes that we saw.

Our eyes are dead set right now at the federal level. We've seen some tax incentives already being unveiled that I think are going to be exciting for a lot of real estate developers. After those federal-level incentives, from the state onwards, down to the utility level, I mean most incentive programs run January to December.

So what we're going to anticipate through our engagements already with many utility companies and cities is that come January you're going to see additional funds allocated, or perhaps some new incentive programs promoting newer green technologies will come out, but it's still a wait and see. So we think a lot of new programs could be deployed in January or additional funding provided in existing programs, and then also the same thing for the following year, just because it doesn't make sense to radically change an incentive program midyear. You typically want to follow that calendar year deployment.

Kyle Saltsman: If you haven't heard about something that would be relevant to you the following year, come January, then don't wait for the – *[inaudible]*.

Natalie Goodman: No, I wouldn't. To be honest, there's still $70 billion in incentives available that needs to be utilized. So there's plenty of funds out there. Get excited about additional funds coming down the pipeline, but there are still plenty of funds available for projects across the US.

[Crosstalk]

Martin Powell: If I could just chip in, I really agree with Natalie. There's lots of funds out there, but this very existence is going to put even more focus on this.

The other thing, the energy efficiency component is exciting, because if you stand on top of the Empire State Building in New York or any tall building in your city and look around you, 80 percent of the buildings you see will still be there by 2050. So this is about looking at the infrastructure we have, figuring out how to decarbonize it, how to retrofit it in a way that's meaningful, that's making meaningful reductions, and I think this very act is going to get a lot more people focused on it. So it's exciting times. It's great.

Kyle Saltsman: Thanks. We have a lot of really exciting additional questions, but I think we need to shift over to our closing remarks so we can end this webinar on time.

Thank you all so much for your time – sorry, Peter, unless you have anything to add on the IRA. Okay, cool. Thank you all so much for your time and remarks and your thoughtful responses to the questions.

This webinar, again, is part of the 2022-2023 Better Buildings Webinar Series. You can see there's a great lineup of presentations all the way through March. We're just in the second box here. We've got a lot of content to go through in the coming weeks and months. You can visit the Better Buildings Solution Center to learn more about any of these sessions and to register for any of them.

Next slide please.

We hope specifically that you're going to join us for the next webinar on October 4. The title of the session is "Sustainability and Decarbonization Inside Warehouses and Distribution Centers." Join this webinar to explore ways warehouse owners and operators have achieved energy savings, and explore the role their buildings play in sustainability and resilience.

With that, I'd like to thank our panelists again very much for taking the time for us. Feel free to contact our presenters directly with the contact information on this slide with additional questions that we weren't able to get to today. I saw a lot of really good ones coming through the Q&A. I wish we had another hour and a half, honestly, just to discuss some of these.

I encourage you follow the Better Building Initiative on LinkedIn and Twitter for all the latest news and releases. You can find our handles by the respective icons on the left-hand side of the screen.

Lastly, you will receive an e-mail notice when today's recording, slides, and transcripts are available on the Better Buildings Solutions Center.

Thank you all so much for joining today. With that, we'll close.

[End of Audio]

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