



ACEEE ENERGY EFFICIENCY FINANCE FORUM

Segmenting Small Commercial

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CB&I

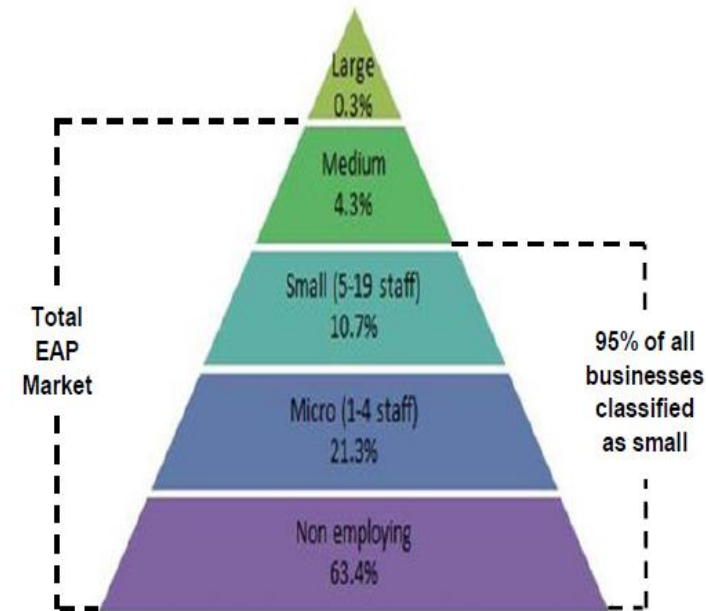


- Why is small commercial important
- Segmentation Strategies
- Example of segmentation

According to the New Buildings Institute:

- Small Commercial (<50,000 sf):
 - 95% of all commercial buildings
 - 47% of energy consumption in the commercial sector

- What would market transformation look like:
 - 27-51% savings in buildings
 - \$30BB in annual energy savings
 - 1.07 quadrillion Btu annual savings



	TYPES	RISK PROFILE	Primary Interest
Regulated Institutions	Banks Credit Unions	Risk averse	Assets and Liabilities Customer Acquisition
Mission-based Lenders	CDFIs SBA CDCs	Risk tolerant	Outputs Stories Innovation
Private Capital	Loan Companies Leasing Companies Private Equity Venture Capital	Risk tolerant	Return Growth
Utilities	Direct Lending Indirect (fund capital) Pass-through	Risk tolerant	Energy Savings
Government	State/Local Funds Development Authorities	Risk tolerant	Economic Development
Socially Responsible Investors	Foundations Investment Funds	May be risk tolerant	Leverage Innovation

- Conventional finance: Most efficiency measures are easily incorporated into conventional loan structures
 - Residential Sector:
 - ENERGY STAR rated Homes through primary mortgage market
 - Efficiency measures as part of conventional recap
 - ENERGY STAR qualified furnaces included in home equity loans
 - Credit card purchases of ENERGY STAR qualified appliances
 - LIHTC for green buildings
 - Commercial Sector:
 - ENERGY STAR/LEED-certified buildings via conventional mortgages
 - Efficiency measures included in
 - Equipment leasing of ENERGY STAR qualified office equipment
 - SBA Loans involving ENERGY STAR products/efficiency/Renewables
 - New Markets Tax Credits and green buildings/renewables

- Separately financed efficiency measures through unsecured, subordinated or off-balance sheet transactions
 - Typically for existing buildings, not undergoing a recap
 - AFC/EGIA – (Residential)
 - WHEEL – (Residential)
 - CDFI efforts – (Both)
 - ESA/MESA - (Commercial)
 - PACE – (Commercial*)
 - On-bill - (Both)
 - Leasing – (Commercial)
 - Why the need:
 - Drive consumer demand for efficiency
 - Size and structure make the loans unconventional

- Utilities:
 - Size:
 - Under 100 kw
 - No account manager
- Banks:
 - Type of property (asset class)
 - Mixed-use, single purpose
 - Type of ownership
 - Small business, nonprofit
 - Product
 - SBA, Mortgage, Lease, Corporate Credit Card
- New Buildings Institute:
 - Use Type
 - Mixed-use, food service, strip mall, lodging, retail, office, school

- Customer segment targeted:
 - Owner occupied to avoid split incentives
- Then looked at who touches these businesses at scale:
 - SBA 504
 - \$1.5BB in CA each year
- What are the motivations of owners:
 - Ability to secure low cost financing
 - Ability to leverage equity
- Leads to additional segmentation
 - Who are the owners most impacted



Energy Advantage Program for Small Business

In today's competitive market, capitalizing on every opportunity to reduce costs can be critical to your business's success. For small business owners purchasing or improving properties or investing in new equipment, optimizing energy-efficiency is a smart way to give your business "The Energy Advantage" to succeed. Southern California Gas Company (SoCalGas®) is sponsoring the Energy Advantage Program (EAP), implemented by CBI, which offers no-cost energy-efficiency technical assistance to help small business owners make smart energy choices that can pay dividends for years to come.

Energy Advantage Offers, at No-Cost

- ▶ Energy analysis of your project
- ▶ Energy audits and technical assistance to identify energy-efficiency opportunities
- ▶ Energy-efficiency measure (EEM) recommendations that will reduce utility costs and increase asset value
- ▶ Energy-efficiency measure cash flow analysis
- ▶ SoCalGas rebates and incentive support
- ▶ Lender referrals for customers considering energy-efficiency projects and not working with a lender

Participating Customer Segments

The Energy Advantage Program is open to all SoCalGas commercial, agriculture and industrial customers that also qualify for a Small Business Administration loan or other participating small business loan product. However, the greatest gas savings benefits can be found in the following businesses:

- ▶ Hotels/Motels
- ▶ Gyms/Fitness Centers
- ▶ Restaurants and food service
- ▶ Food Processing
- ▶ Nurseries and other agriculture
- ▶ Healthcare facilities
- ▶ Assisted living facilities
- ▶ Laundry facilities
- ▶ Industrial manufacturers

Eligibility Requirements

- ▶ Qualifying businesses include small and medium commercial, industrial, and agriculture owners financing facility retrofits, gut rehabs, equipment upgrades, and new construction projects.
- ▶ Must be a current or pending SoCalGas customer. (rebates to be paid after account initiated)
- ▶ Must qualify for a Small Business Administration Loan or other participating small business lending product.
- ▶ Must be willing to consider energy-efficiency enhancements to planned projects.
- ▶ All other applicable rebate and incentive program terms and conditions apply.

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