

# Metrus – Paying the Way for Energy Efficiency



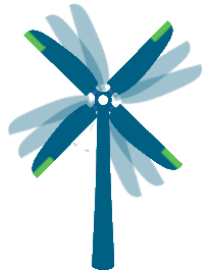
# Metrus – What We Do

- Metrus develops, owns and operates large-scale EE projects for C&I clients nationwide
- Metrus partners with leading ESCOs/contractors to design, construct, maintain projects
- Metrus is an energy efficiency “independent power producer” selling efficiency as a service
- Metrus operates projects with Fortune 500 companies and major institutional customers



# Origins of the Metrus ESA

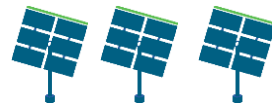
## Power Purchase Agreement



Wind turbine/farm



Utility power plant



Solar PV System



## Traditional Performance Contract



Federal/Municipal



Institutional



K-12, Public Universities

## Efficiency Services Agreement

- Funds 100% of project costs
- Third-party ownership of EE assets
- Pay-for-performance structure
- Covers Construction, O&M and M&V
- Private sector focus – C&I, Institutional

# Financial Benefits

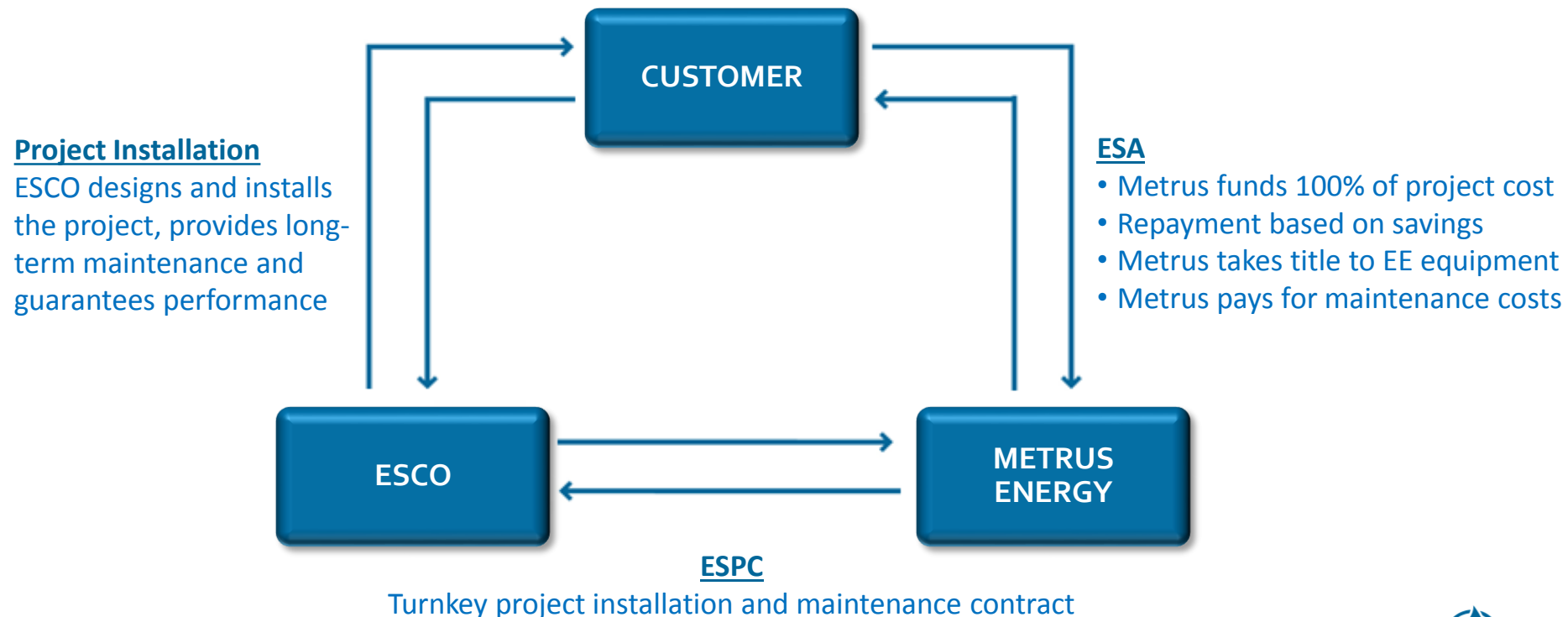
- No capital outlay (cap-ex dollars can be invested in core business)
- Preservation of debt capacity
- Immediate positive cash flow
- Pay-for-performance structure de-risks the transaction
- Flexible, Multi - Facility solution



# ESA Defines the Relationships

Two key contracts govern each project:

1. Efficiency Services Agreement (“ESA”) with the Customer;
2. Efficiency Services Performance Contract (“ESPC”) with the ESCO/contractor



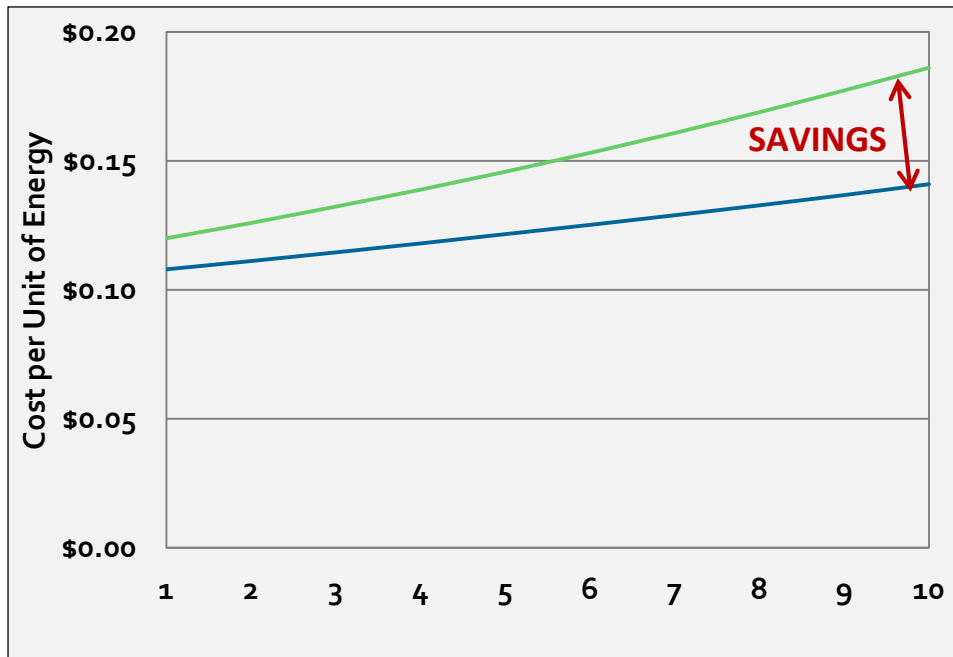
# Operational Benefits



- Resiliency (added reliability) via new equipment + O&M services
- Increased visibility through M&V
- Portfolio (multi-site) solution; ability to include water efficiency
- Flexible structure, add new EE measures over time

# ESA – Service Charge

$$\text{Service Charge} = (\text{physical units of savings}) * (\text{Service Rate, \$/unit}) + \text{Non-Energy Savings}$$



Savings created by:

- (1) Year 1 service charge is  $\leq$  avoided utility cost
- (2) Fixed annual escalation is  $\leq$  expected utility rate increase

<b>Billing Period</b>	Quarterly
<b>Basis</b>	Quantity of energy units saved (e.g., kWh of electricity)
<b>Service Charge</b>	\$ per unit of energy units saved
<b>Non-Energy Savings</b>	% of project savings attributed to operational (non-energy) benefits
<b>Annual Escalation</b>	Service charge escalates at a fixed annual rate

# Customer Profile

## Market – Private Sector



## Total Energy Spend

Electricity + Natural Gas  
+ Fuel Oil + Water > \$1 million

## Location



## Credit Quality





# Project Profile

## Typical Efficiency Measures

- Building automation & controls
- Lighting retrofits & controls
- Heating, ventilation & air conditioning (HVAC)
- Central plant systems
- Boiler replacement & system improvements
- Pumps, fans, motors & drives
- Cogeneration (onsite generation of electricity)
- Water efficiency measures

## Typical Project Profile

- Integrated energy efficiency retrofit projects
- Project size is generally \$1-10 million
- ESA (project) term is generally 10 years



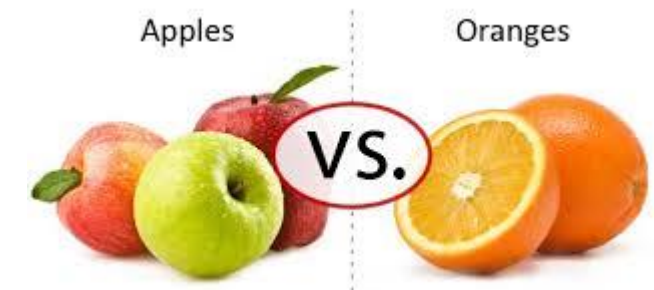
If the ESA is a services agreement...

...how do we compare it to other financing options?



# ESA Compared to Alternative Financing Options

Attribute	ESA	Lease	PACE	Cash
Down Payment	No	No	No	Yes
Origination Fees	No	Yes	Yes	No
On Balance Sheet	No	Yes	??	Yes
Pay-for-Performance	Yes	No	No	No
O&M	Yes	No	No	No
M&V	Yes	No	No	No
Funding Amount	100%	100%	100%	100%
Tenor or Term	5-15 years	5-15 years	20 years	N/A
Interest Rate	No – service agreement	Yes – lease payments	No – tax assessment	N/A
Liens	No	No	Yes	N/A



## CASE STUDY: **Kuakini Medical Center**



TOTAL IMPACT (AS OF FEBRUARY 2016)

TOTAL INVESTMENT

**\$5.8**  
MILLION

TOTAL SAVINGS

**\$ 1.76**  
MILLION

TOTAL CO<sub>2</sub> SAVINGS

**4,730**  
TONS

- New chiller plant
- Lighting upgrades
- Energy management system (EMS)
- New steam boilers
- Air-handling unit VFDs
- New booster pumps and fire pumps