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Financial Product Innovation: Maturing Products and Growing Demand

Affordable Community Energy: A Mission-driven Energy Services Company

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MISSION-DRIVEN ENERGY SERVICES COMPANIES

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SCARY MARKET CHALLENGE

The Customer

- Owners of multifamily affordable housing

The Need

- Want to reduce utility costs
- Lack in-house resources and expertise
- Need a 1-2 year payback
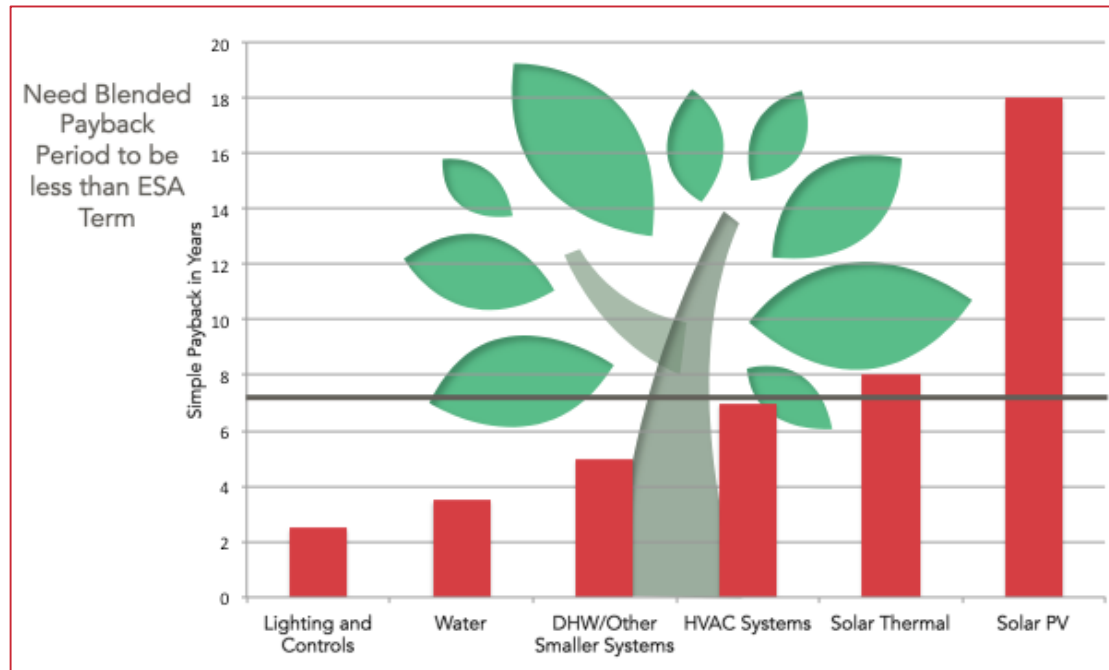- Difficulty in accessing longer term capital

The ACE Solution

- Deep, whole-building retrofits
- Design, install and manage
- 100% of the capital
  - No owner liability
  - No lien

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ALL-IN

- Use "whole tree"

- Operate at scale: assemble portfolios

- Align with great strategic partners

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IT'S TOO GOOD TO BE TRUE (BUT WHY IS YOUR SHARE SO LARGE?)

What ACE Receives

- Substantial share of **measured** energy efficiency savings
- Smaller share of **measured** water savings
- Charge on-site electricity at below-market rates

What the Customer Receives

- Whole-Tree, Deep Retrofits
- 10-year Maintenance Agreements
- No capital required
- No subordination or lien

The Bargain

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EVEN SCARIER FINANCING CHALLENGE

- Lenders are uncomfortable underwriting energy efficiency and water conservation savings

- Borrower does not have deep pockets

- "Counter Parties" are special purpose entities with thin financials

- Don't have benefit of PACE

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WHAT'S THE FINANCING SOLUTION

- TODAY: Rely on mission-driven capital
  - Enterprise Community Partners
  - NYCEEC, Green Banks
  - LISC, Chicago Community Development Fund
  - SparkFund

- FUTURE: Must become a market capital-driven solution
  - Proven savings (insurance products)
  - Credit enhancement (transitional?)
  - Deeper pockets
  - Scale

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THANK YOU

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