



Creating Markets from Programs:

**What does it take to create scalable, investable markets for
energy efficiency?**

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- Private real assets fund targeting \$100 million in Energy Efficiency(EE)/Demand Management(DM) project finance
- Capital source aligned with project performance and cash flows, not credit
- Focused on small and medium commercial buildings (<100,000 sq ft) - 97.5% of U.S Commercial Buildings (EIA 2012)
- Technology issues are largely solved. Remaining market barriers hold back access to value and scale – including opaque/fragmented market structures and lack of sophisticated financing models

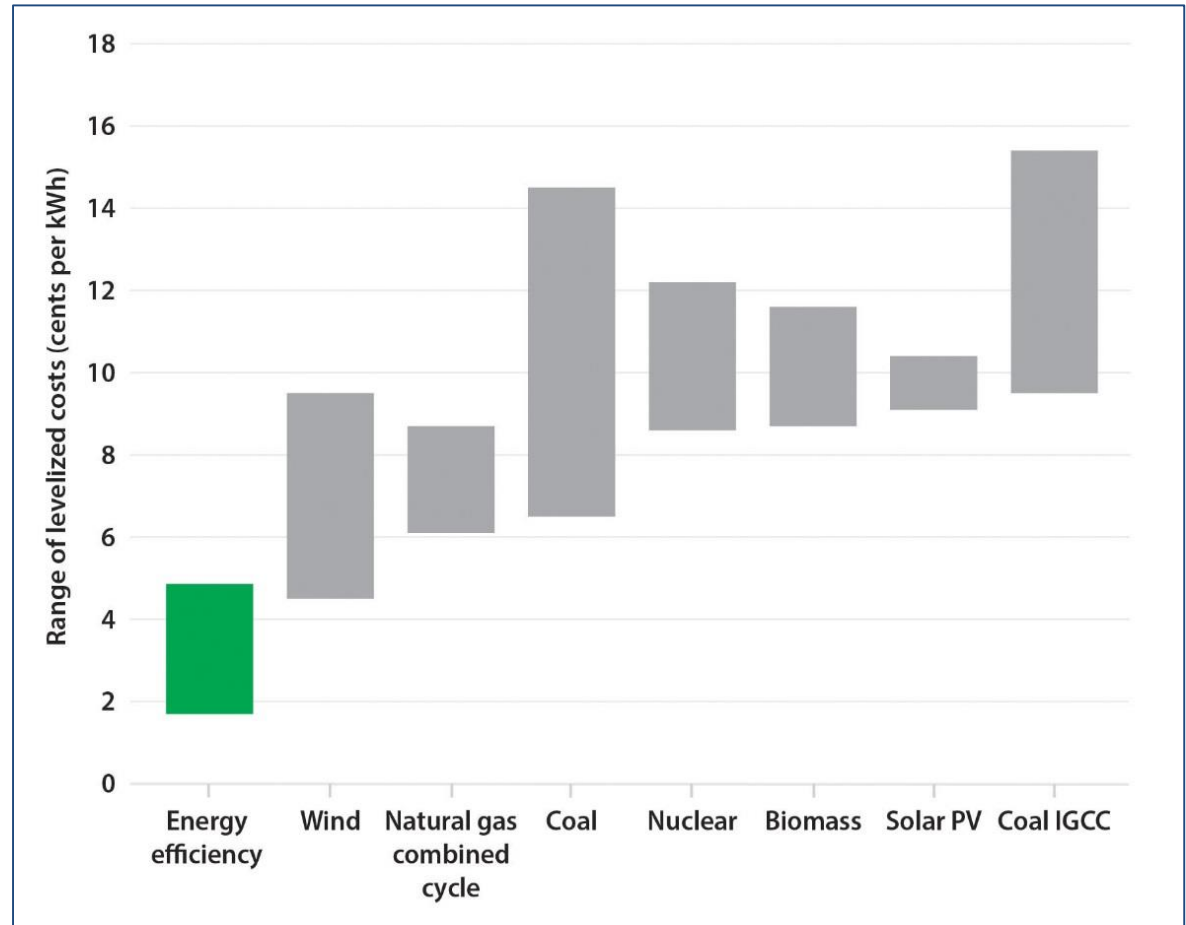


Joule's strategy is designed to remove market complexity and unlock value

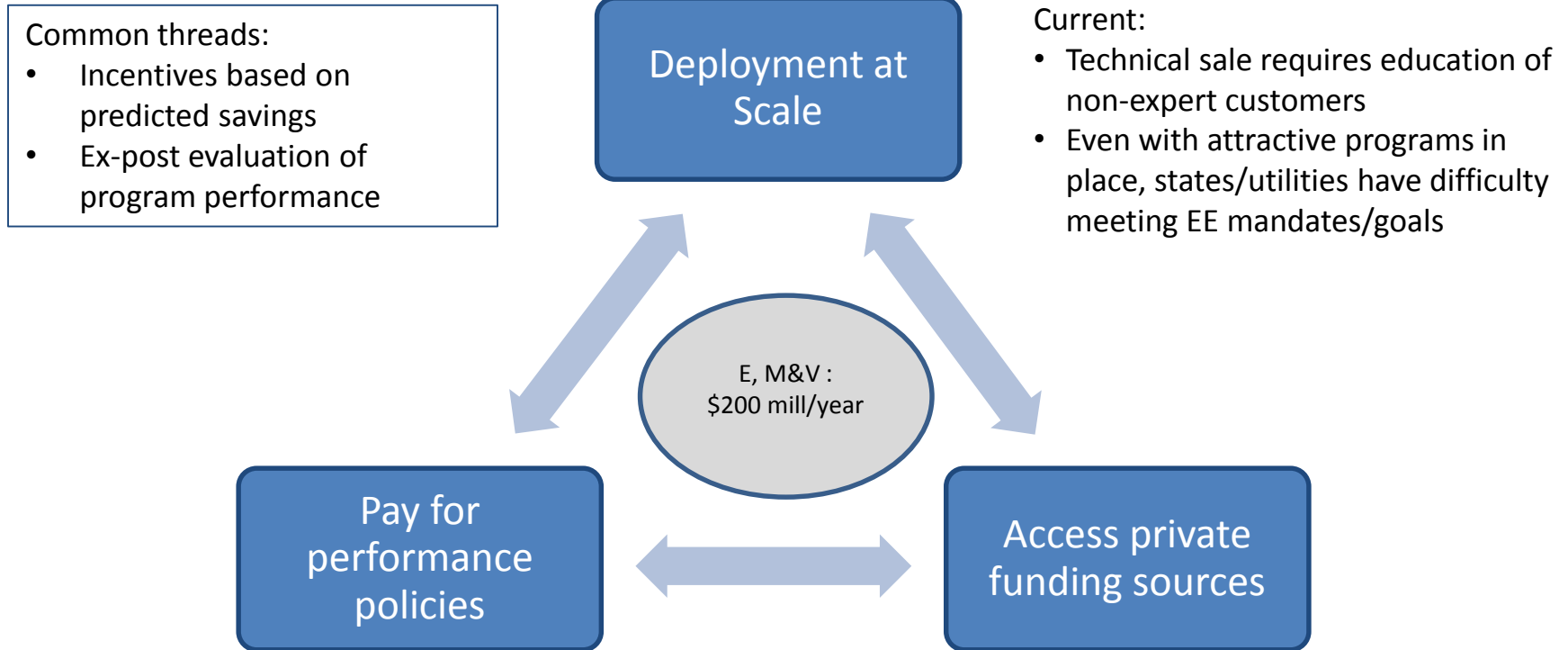
EE - A new kind of energy infrastructure?

- Economic/environmental benefits largely unrealized despite significant efforts
- EE remains the low hanging fruit with proven, cost effective savings
- \$ 7 B/year in ratepayer funded EE programs
- Estimated \$400B investment required to modernize grid by 2030

Levelized Cost of Energy – source: ACEEE



Are we paying for EE the wrong way?

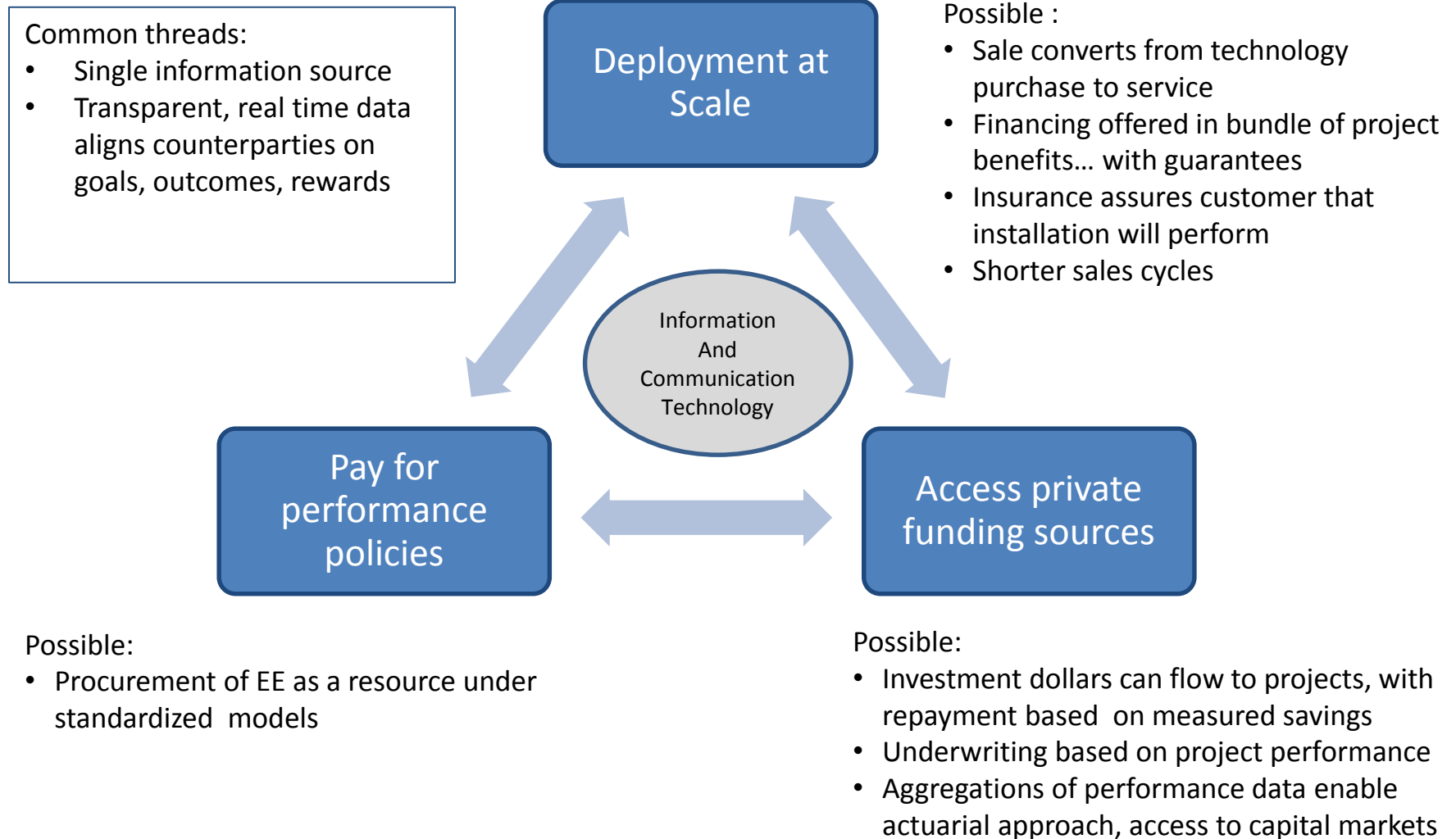


Current:

- Incentives use predictive, deemed models
- No financial accountability
- Quality control, M&V focused on ex post evaluation
- Private sector remains focused on programs not markets

Current:

- Projects lack standardization
- Capital sources remain on the sidelines
- Financing is available on loan/lease model



Combining energy reduction, control and M&V brings multiple benefits to investors:

- Capital security
 - ✓ Active risk controls
 - ✓ Active building management ensures persistence of savings
 - ✓ Ability to migrate project to another management software
 - ✓ Insurance brings investment grade counterparty to transaction
- Upside
 - ✓ Accessing dynamic markets and environmental attributes brings optionality to investment (DR, DM, CPP?)
- Access to secondary capital markets
 - ✓ De-risks investment
 - ✓ Lowers cost of capital

