Bank of America Energy Efficiency Finance Program

Program Objective

To provide catalytic resources to CDFIs that are working on innovative financing programs for energy efficient retrofits in low- and moderate-income communities. The four components of the Bank of America Energy Efficiency Finance Program are:

Grants:	$5 million in total. Grants of $500,000 per program participant, paid over two years (2011 and 2012).
Loans:	$55 million in total. Loans to program participants range from $5 million to $8 million. Loans at 1% interest rate and for terms as long as ten years.
Data:	CDFIs are working with EnergyScoreCards to collect utility data and monitor post-retrofit energy and water consumption against pre-retrofit performance.
Knowledge:	Bank of America is working with Opportunity Finance Network (OFN) to share knowledge and experiences of this program via webinars and at national CDFI conferences in 2011, 2012, 2013, and 2014. Program results will be published.

Program Participants

Boston Community Loan Fund
Community Investment Corporation
CRAFT3
Enterprise Community Loan Fund
National Development Council/ Grow America Fund
IFF
Low Income Investment Fund
Opportunity Finance Network (to grow capacity of other CDFIs)
Self-Help
The Reinvestment Fund

Models under the Bank of America Energy Efficiency Finance Program

Boston Community Loan Fund
Multifamily housing retrofit loans originated and then sold to secondary market after the energy savings have been demonstrated

Community Investment Corporation
One-stop program for energy assessments, financing, and construction oversight of energy efficiency retrofits for multifamily housing

CRAFT3
Loans for energy efficiency improvements for single-family homes with repayment via home-owners' utility bills

Enterprise Community Loan Fund
Unsecured loans for energy efficiency retrofits made to owners with full recourse, avoiding debt and lien issues at property level

National Development Council/ Grow America Fund
One-stop program for energy audits and low-cost loans to small businesses for energy efficiency improvements or equipment

IFF
Low-interest energy efficiency loans to a wide range of nonprofit community facilities, including charter schools and health centers

Low Income Investment Fund
Loans for privately-owned, HUD-subsidized, multifamily housing. Working with HUD to re-align incentives and with an ESCO

Opportunity Finance Network
OFN was selected to provide capacity-building to CDFIs and to lend to CDFIs that were not selected under this program

Self-Help
Low cost capital for energy efficiency improvements integrated into New Markets Tax Credits and other financing structures

The Reinvestment Fund
Flexible capital for energy efficiency improvements - often blended with US DOE Better Buildings funding

MANY CDFIs ONE PURPOSE
ALIGNING CAPITAL WITH JUSTICE
E Pluribus Unum

2013 OPPORTUNITY FINANCE NETWORK
ANNUAL CONFERENCE
PHILADELPHIA, PA · OCT. 15-18, 2013

Meet the Funders: The Energy Efficiency Financing Landscape

Casey J. Bell, The American Council for an Energy-Efficient Economy (ACEEE)

October 17, 2013

ACEEE
American Council for an Energy-Efficient Economy

#OFNCONF

OPPORTUNITY FINANCE NETWORK

2013 OPPORTUNITY FINANCE NETWORK CONFERENCE

American Council for an Energy-Efficient Economy (ACEEE)





- 33 year old, nonprofit 501(c)(3) dedicated to advancing energy efficiency through research, policy, and technical assistance.
- Focus on end-use efficiency in Industry, Buildings and Equipment, Utilities & Transportation; Economic Analysis; Behavior; Finance.
- Finance Policy focused on:
  - Documenting the experiences of energy efficiency-specific financing models, identifying key elements of successful programs, and designing transferrable and scalable models based on these,
  - Assessing various strategies for using traditional financing tools to support efficiency upgrades and refine these models for appropriate markets, and
  - Convening gatherings of experts and practitioners in banking and other fields to help develop, test, and refine our research to ensure that it is relevant in real-world applications.
  - Providing technical support to practitioners attempting to link leading-edge energy efficiency projects with capital.

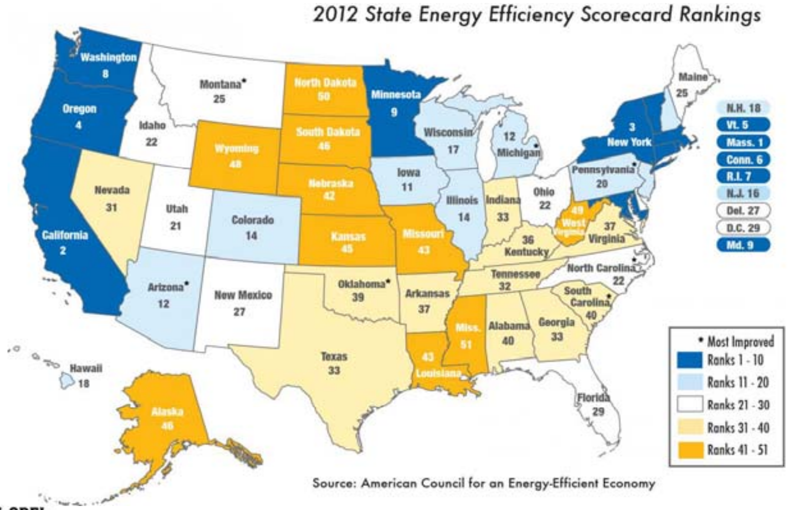
MANY CDFIs ONE PURPOSE

#OFNCONF

OPPORTUNITY FINANCE NETWORK

2013 OPPORTUNITY FINANCE NETWORK CONFERENCE

2012 State Energy Efficiency Scorecard Rankings



Source: American Council for an Energy-Efficient Economy

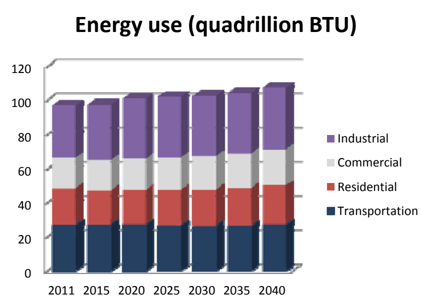
MANY CDFIs ONE PURPOSE #OFNCONF

OPPORTUNITYFINANCE NETWORK

2013 OPPORTUNITY FINANCE NETWORK CONFERENCE

Overview Of The Market

- Scaling EE retrofits is a $279 billion investment opportunity.
- Create > 3.3 million new direct and indirect cumulative job years in the U.S.
- Mitigate over 600 million metric tons of CO_2 per year (~10% of US emissions in 2010).
- Biggest opportunity in residential space. – (Deutsche Bank & The Rockefeller Foundation 2012)



Expected growth from 2011-2040:

- **Transportation .7%**
- **Residential 6.7%**
- **Commercial 17.3%**
- **Industrial 18.2%**

The Rockefeller Foundation and DB Climate Change Advisors. 2012. "United States Building Energy Efficiency Retrofits: Market Sizing and Financing Models." https://www.dbadvisors.com/content/_media/United_States_Building_Energy_Efficiency_Retrofits.pdf. Frankfurt am Main: Deutsche Bank AG.

Energy Information Administration. 2013 "Annual Energy Review 2013." http://www.eia.gov/forecasts/aeo/MT_energydemand.cfm#indus_comm. Washington, D.C: Energy Information Administration.

MANY CDFIs ONE PURPOSE

OPPORTUNITYFINANCE NETWORK

Opportunity for LMI / Multifamily

MANY CDFIs ONE PURPOSE

OPPORTUNITYFINANCE NETWORK

2013 OPPORTUNITY FINANCE NETWORK CONFERENCE

Market Participants

	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

Source: Joel Freehling, CB&I

MANY CDFIs ONE PURPOSE

#OFNCONF

OPPORTUNITYFINANCE NETWORK

Energy Efficiency Financing Solutions

Marshal Salant and Bruce Schlein, 2/28/2013

	PROPERTY TYPE/SECTOR			
PRODUCT/SOLUTION	MUSH	S.F. Residential	Commercial	Corporate/Industrial
Large Single Project	Yes	N/A	Difficult	Yes
Pooled Asset Deal	Yes *Green Campus*	Yes WHEEL	Difficult *HPET*	Yes Hybrids
ESCO/ESA/Two Factor Credit	Yes	N/A	Difficult	Yes Citi London
Sustainable Energy Utility (SEU)	Yes *Delaware*	N/A	N/A	N/A
PACE	N/A	Yes - On hold	Yes	Yes
On-Bill Repayment (OBR)	Yes	Yes NYSERDA	Yes	Yes
Microfinance w/Carbon Credit	N/A	Yes *Mongolia*	Yes	N/A

citi

2013 OPPORTUNITY FINANCE NETWORK CONFERENCE

Sources of Capital

- Utility
  - Ratepayer Funds
  - Shareholder Funds
- Public
  - Grants (Federal, State, Local) e.g. Stimulus
  - Public Loan Funds
  - Bond Issues
  - Revenue from Cap and Trade Programs
- Private
  - Community Development Financial Institutions
  - Local Banks & Credit Unions
  - Large Commercial Banks & Capital Markets

MANY CDFIs ONE PURPOSE

#OFNCONF

OPPORTUNITY FINANCE NETWORK

Common Energy Efficiency Barriers

Split-incentives with multi-tenant buildings	•Neither the owner nor tenant wants to bear the cost of the retrofit because the other will gain •Long lease lengths make it difficult to negotiate retrofits because parties prefer letting leases expire to amending existing leases
Valuation	•Customers do not see the value in spending money to install EE upgrades •Banks rarely consider energy efficiency investments when underwriting
Competing investment priorities	•Buildings are required or urged by various entities to install systems, making environmental upgrades potentially a lower priority
Upfront capital costs	•Limited debt capacity for Class B and C buildings •Long payback periods

Questions?

Casey Bell
Senior Economic Analyst
Finance Policy Lead
ACEEE
(p): +1-202-507-4746
(e): cbell@aceee.org