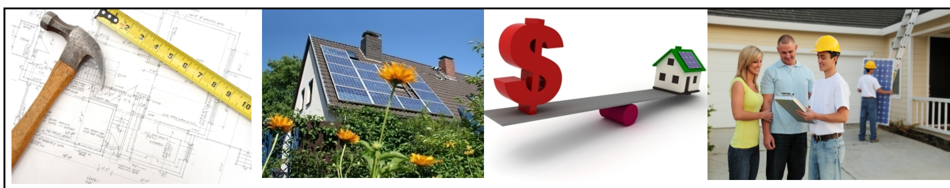
Boulder County Clean Energy Finance

December, 2010

ClimateSmart™
LOAN PROGRAM



Context: Sustainable Energy Plan

- Criteria
  - Emissions reductions potential
  - Cost effectiveness
  - Economic impacts
  - Social equity – distribution of cost and benefits
  - Persistence
- Strategies include
  - Voluntary and support actions – public education/ awareness
  - Local regulatory programs
  - Direct financing

Residential Programs

Energy audits with one-on-one assistance, financial incentives and ongoing customer support.

Residential Energy Action Program

4 years audits energy counseling 2000 homes $7,000 avg investment

ClimateSmart Loan Program

612 households

$13,500 avg investment(RE & EE)

Energy Corps

Direct install, homeowner education , 400 homes

Commercial Programs

A three-pronged approach to working with businesses:

1) **Learn It**: promote behavior change through geographically targeted or sector based "energy sweeps";

2) **Tune It**: work with businesses to make their existing equipment more energy efficient;

3) **Change It**: provide implementation assistance,rebate incentives and access to finance to enhance investments in new energy efficient equipment.

CSLP Program Purpose

- To help residential and commercial property owners reduce their environmental impact and save money by providing full financing for energy efficiency improvements and installation of renewable energy technologies.
- Key strategy in Sustainable Energy Plan
- Authority: HB 08-1350, SB 10-100, and 2008 County Ballot Measure 1A ($40 million bond

Program Basics

- Energy efficiency and renewable energy (RE/EE) measures
- All properties within Boulder County can participate
- Countywide pool of funds obtained through sale of bonds
- Up to the full upfront cost of improvements is loaned
- Property owners opt in
- Special assessment placed on property
- Some use of general fund dollars for program administration; paid back over time

Eligible Measures List

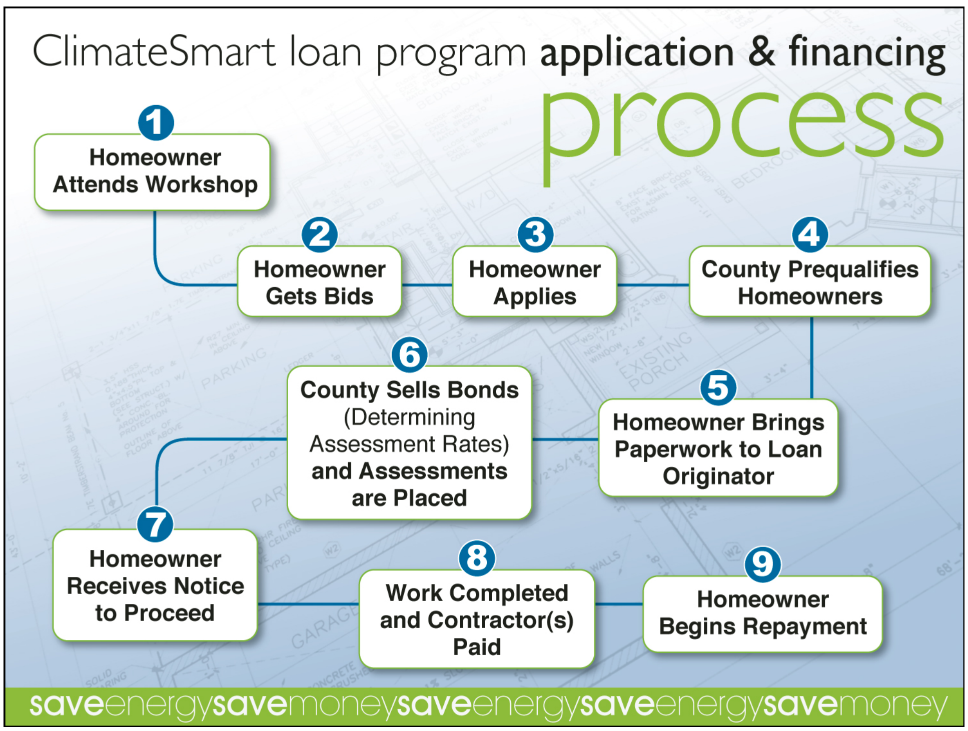
Insulation
Air sealing and ventilation
Space heating and cooling
Water heating
Lighting
Daylighting
Windows, doors, and skylights
Reflective roofs
Pool equipment upgrades
Solar hot water
Solar PV
Small wind

Program Capacity

- $40 million already approved by voters through Ballot Measure 1A--$13 million used in 2009
- The County apportioned $28 million for residential properties and $12 million for commercial properties

Residential Loan Sizes / Rates

- Minimum: $3,000 per home
- Maximum:
  - Open Loans (funded by taxable bonds): 20% of statutory actual value of property or $50,000, whichever is less—6.68%, 6.8%
  - Income Qualified Loans (funded by private activity bonds or QECBs): $15,000, as per federal law for PABs—5.2%, 5.8%
  - Income Qualified Loans may be combined with Open Loans up to the Open Loan maximum



2,000 people attended workshops

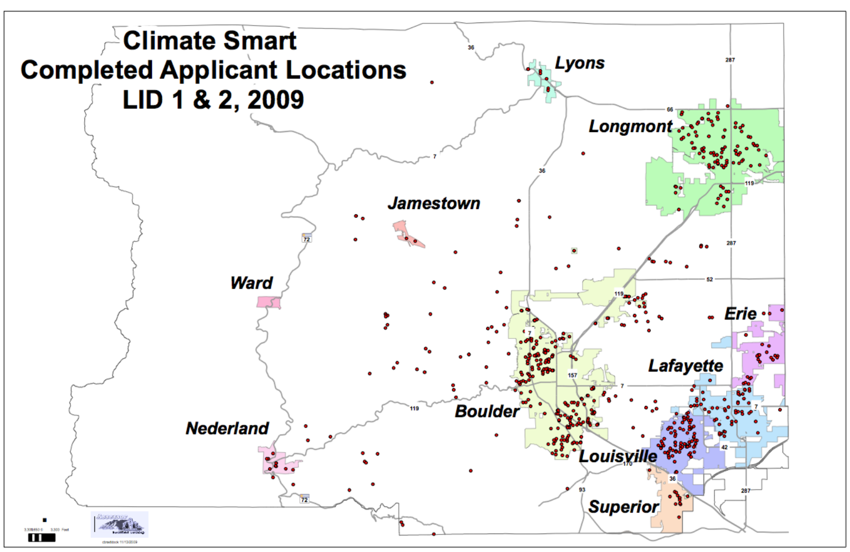


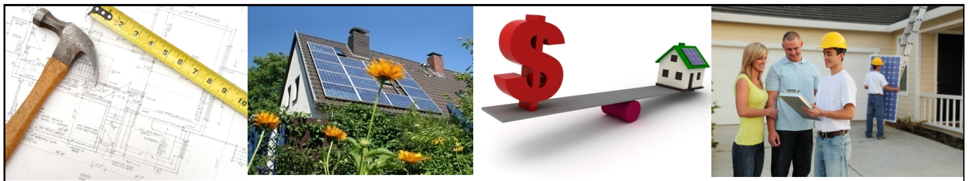

Monitoring and Research

- Participants are required to sign a utility bill release (during loan origination) so we can monitor the impact of the program
- We also monitor the distribution of loans throughout the county
- Information is integrated with GIS layers and information for other related programs

Residential Results

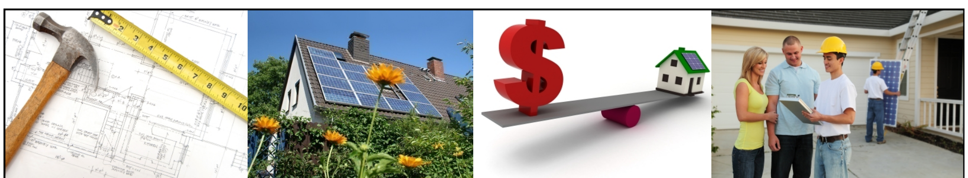
- 603 property owners used $13 million of bond cap in initial pilot
- Average loan size $17-18k, well above estimate of $10k
- 20-25% under $10,000
- EE—two thirds of total dollars
- PV, windows, and insulation are top three measures in dollars





Commercial Loan Program

- Eligible measures list
- Maximum of $210,000 per property
- Advisory group to review nonstandard measures
- Lender consent required
- First bonds issued in October – approx $1.5 million, 29 businesses
- 1.04% for 5 year loans and 2.92% for 10 year loans (used QECBs)
- 20% solar, 80% efficiency



Better Buildings Grant: Finance

- $2.3 Million for micro loans
  - Boulder County only
  - $500-3,000 per property
  - 3 year revolving pool
- $8 Million in credit enhancements
  - Intended largely for PACE programs, but flexible
  - Boulder County, Denver, and Garfield County get priority use
  - Can include private sector partnerships
  - Debt service reserve funds, loan loss reserve funds, and other

Lessons Learned

- Program is enormously popular across political spectrum
- Lack of ability to guarantee a rate (or exact amount of fees) in advance makes borrowers uneasy
- New types of programs require significant amount of contact with participants and staff time
- Can impact local companies between program announcement and loan approval
- Can generate huge interest in EE/RE measures
- Local economic stimulus--creates a ripple effect
- Need to keep working at the state and federal levels

Contact Information

www.climatesmartloanprogram.org

Will Toor.
Boulder County Commissioner

wtoor@bouldercounty.org

303.441.3491

PACE Today

- FHFA action makes residential highly problematic
- Commercial is currently an option
- Benefits of PACE that should be goals for other finance programs:
  - Tie debt to property
  - Competitive interest/assessment rates
  - Increased access to capital (credit qualifications)
  - Link to technical assistance and educational programs

Unsecured Loan Program

- Similar to credit cards and other debt that is linked to the borrower and not an asset
- Fund a 5-10% percent loan loss reserve (not guarantee)
- Capitalize through lending partner (likely private sector)
- Leverage public funds at least 10:1
- Supports energy efficiency financing through non-governmental organizations
- Flexibility on rates and credit qualifications

Secured Loan Program

- Secured through property
- Fund a 5-10% percent loan loss reserve (not guarantee)
- Capitalize through lending partner (likely private sector)
- Leverage public funds at at least 10-20:1
- Supports energy efficiency financing through non-governmental organizations
- Flexibility on rates, but little flexibility on credit qualifications
- Lower rate than unsecured, but also typically larger mimimum loan size

On-Bill Financing

- Repaid through utility bill
- May be capitalized by utility or third party (lending institution, public sector, etc)
- May be “tied to the meter”—debt can transfer to new owner
- Will require utility cooperation and potential guidance from the PUC
- Closest option in terms of meeting all PACE goals