Solar and Energy Loan Fund (SELF)

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Energy

Energy has become the lifeblood of modern society and affects everything from national security, the military and foreign policy, to economic stability and growth, and the general welfare of local communities all across America.

Energy directly affects the pocketbook of every American – whether at the gas pump, paying electricity bills, or paying taxes for assorted government services that require fuel and electricity.

In these difficult economic times, the public and private sectors are all searching for more ways to save money, increase efficiency, and do more with less.

Energy is a prime opportunity for savings.
Florida Energy Facts

- Florida consumers spend $55 Billion per year purchasing carbon-based fuels from out-of-state and country to power our cars and cities.
- Electricity costs in Florida have been increasing at 4.7% per year – or nearly 50% in the last decade (source: PSC).
- Florida recently received an “F” Grade for energy conservation and renewables.
- There are no meaningful clean energy policies or programs (e.g., Renewable Portfolio Standard).
- Florida suffers from “Trickle-down clean energy policies” – where only the wealthy can afford the upfront cost of deep energy retrofits.
- The Silver-lining to this immense failure is that the lowest hanging fruit remains on the vine in Florida.
In Florida, the lowest hanging fruit is energy conservation, energy efficiency, and solar thermal.

The Florida Solar Energy Center (FSEC)’s Retrofit Florida study projected the economic impact of “deep energy retrofits” on 3% of Florida houses (i.e., 185,000). The FSEC study estimated $285 million dollars of annual energy savings, $4 billion dollars of economic activity, and more than 50,000 jobs.

Solar electric technologies are also largely underutilized in the Sunshine State (Navigant Report for the PSC).
Local Clean Energy Financing Strategies

Residential

1) Residential PACE (Property Assessed Clean Energy)

2) Green CDFI (Community Development Financial Institution)

Larger Commercial and Government Facilities

1) Commercial PACE (Property Assessed Clean Energy)

2) QEC (Qualified Energy Conservation) Bonds ($193 MM in FL)

3) Performance Contracting (alternative business model)
Fundamental Considerations

The following three (3) issues are fundamental considerations for new local clean energy strategies and programs, including:

- **GOALS** determine best implementation strategies. Tailor multiple local/region programs and partnerships to achieve goals;

- **ECONOMICS** must work for all participants (CDFI, banks, property owners, contractors, etc); and

- **FINANCING, COLLECTION, and ADMINISTRATION**.
Property-Assessed Clean Energy (PACE)

- St. Lucie County investigated multiple local clean energy financing models around the country, and found numerous PACE programs in Berkeley and Sonoma, CA; Boulder, CO; Babylon, NY;

- PACE bonding requirements (to create the loan pool) are often costly, cumbersome, and interest rates are too high (7-10%).

- The PACE collection methodology (i.e., an assessment that stays with the land) is attractive but raised objections from the Federal Housing Financing Agency (FHFA).

- Residential PACE is shackled. Commercial PACE remains viable but no such programs exist in Florida at this time.
Case Study: St. Lucie County

The GOALS of the St. Lucie County program include:

1) Deploy cost-effective and proven energy efficiency (EE) and renewable energy (RE) technologies;
2) Emphasize EE first. Greatest return on investment;
3) Promote the most technologically-viable RE alternatives in Florida – namely distributed rooftop solar;
4) Provide voluntary “no-money down” financing options with extended terms and low-interest rates;
5) Provide access to preferred clean energy technologies, rebates, and tax credits;
6) Reduce energy costs in excess of loan payments to allow the energy savings to pay off the loan over time.
St. Lucie’s “Green CDFI”

- St. Lucie County ultimately decided to create an entirely new local clean energy financing model that utilized the successful Community Development Financial Institution (CDFI) program.

- The CDFI program was selected as the financial vehicle because of its ability to attract and leverage private capital. The County’s Green CDFI model secured pledges of $20 million from 4 private financial institutions (in 3 weeks). There are no bonding requirements.

- The CDFI program can work with PACE collection (i.e. as an assessment) or independently as a loan.
A CDFI is a Community Development Financial Institution;
CDFI’s are non-profit financial institutions certified and administered through the U.S. Department of Treasury;
CDFI program has been in existence since 1994, and there are more than 900 certified CDFIs in America (http://www.cdfifund.gov/);
CDFIs are non-governmental entities;
Majority of existing CDFIs emphasize affordable housing. Green CDFI model expands this successful program into the energy sector.
GREEN CDFIs can provide consumer loans for energy efficiency and renewable energy, and/or loans to emerging green businesses;
Several other noteworthy examples include: Portland, OR, City of Indianapolis; Shorebank; and, the Natural Capital Investment Fund.
Solar and Energy Loan Fund (SELF)

The Solar and Energy Loan Fund (SELF) of St. Lucie County provides “no money down” loans for the following purposes:

1. **Energy conservation** (e.g. weatherization);
2. **Energy efficiency** (e.g., HVAC); and,
3. **Distributed rooftop solar** (both thermal and PV);

- Consumer loans are available for residential and (soon) non-residential property owners.
- Maximum loan amount is $50,000;
- Terms of the loans relate to life expectancy of the products;
- Interest rate (4%); and,
- 60% of the loans must be issued in Low to Moderate Income Communities (defined geographically, not individually).
Pro Forma (Solar Thermal)

- Upfront Cost = $4,000;
- Florida Power and Light (FPL) rebate – as mandated by the Florida Public Service Commission = $1,000;
- Net Cost = $3,000 (loan amount);
- With 10 year term and 4% interest rate, the monthly loan payment = $30;
- Estimated monthly energy savings = $50 (i.e., 25% of monthly electricity bill/$200);
- Net Economic Return = $20 month/$240 year; and,
- Monetize the 30% Federal Tax Credit = $1,200.

http://www.energystar.gov/index.cfm?c=tax_credits.tx_index