



Montgomery County
GreenBank

Your partner for clean energy

TM

Presentation to Silver Spring Citizens Advisory Board

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The Green Bank Model

Leveraging Capital to Transform Clean Energy Markets

- Not a Bank, a **nonprofit financial institution**.
- ***Use low-cost, risk-tolerant capital to scale-up private investment*** in EE / RE.
- ***De-risk investments*** where financing is not currently available
- ***Build partnerships with lenders and contractors*** to expand their markets
- ***Recapture capital to re-use or return*** to the government investors

- Outcomes:
 - More private market capital supporting clean energy
 - Better terms for borrowers
 - More economic investment
 - Business opportunities for lenders & contractors



Montgomery County Green Bank

Your Partner for Clean Energy

Purpose: Grow the amount of private capital invested in energy efficiency and clean energy in the County

- More Capital for Clean Energy
 - Greater Energy Savings and Better Financial Security
 - Less Greenhouse Gas Emissions
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- Publicly-chartered by Montgomery County, MD in June 2015
 - Designated as the County's Green Bank in July 2016
 - County committed \$14.1 million of Customer Investment Fund from Exelon-Pepco Merger as initial investment Independent, 501(c)3 non-profit corporation
 - 11 members on the Board of Directors (2 presently from County government)



How Do We Approach Our Work?



Find gaps in the existing market.



Partner with private lenders to co-invest Green Bank capital.
Target 5:1 leverage of Montgomery County Green Bank capital.



Achieve transformation



Meet key goals. *20% of capital used for limited- and moderate-income families and multifamily; reduce GHG emissions; revenues for self-sustainability*



Principles for Green Bank Work

- **Align with Pepco EmPower programs**
 - Ratepayers pay into these and should access their investment
- **Find lending / investing partners that want to enter this sector**
 - Leverage their funding, systems, and outreach to deliver loans and work with customers
- **Coordinate with County**
 - Design programs that complement existing County efforts
- **Design products that support property / business owner interests**
 - Residents – Increased comfort, access energy savings, help environment
 - Businesses – Lower operating budget, manage cash, use unsecured debt, improve workplace comfort



Green Bank's Initial Product

➤ **Commercial Loan for Energy Efficiency and Renewables (CLEER) (March 2018)**

- Gap: **Support lack of financing below C-PACE**
 - Product: \$10,000 to \$250,000 loans; 100% financing; unsecured; up to 12 years; EE / RE scope of work; 15% energy savings; credit underwriting
- MCGB Structure:
 - **Loan Loss Reserve with 2 lenders** – Revere Bank and Ascentium Capital
 - **12 contractors approved** for program
- Targets: Commercial and industrial, Nonprofits, Multifamily, Common Ownership Communities



Why Use CLEER to Finance a Project.

Simple Payback Model – Customer Cash

Category	Project - HVAC
Cost of Project	\$198,000
Less: Pepco Utility Incentives	<u>\$48,000</u>
Balance to be Funded	\$150,000
Customer Cash	\$150,000
Projected Energy Savings Per Year (179,500 kWh @14 Cents per kWh; assumed an all-in rate)	\$25,130
Number of Years to Recover Cash Outlay	6

CLEER Financing Alternative – No Customer Cash

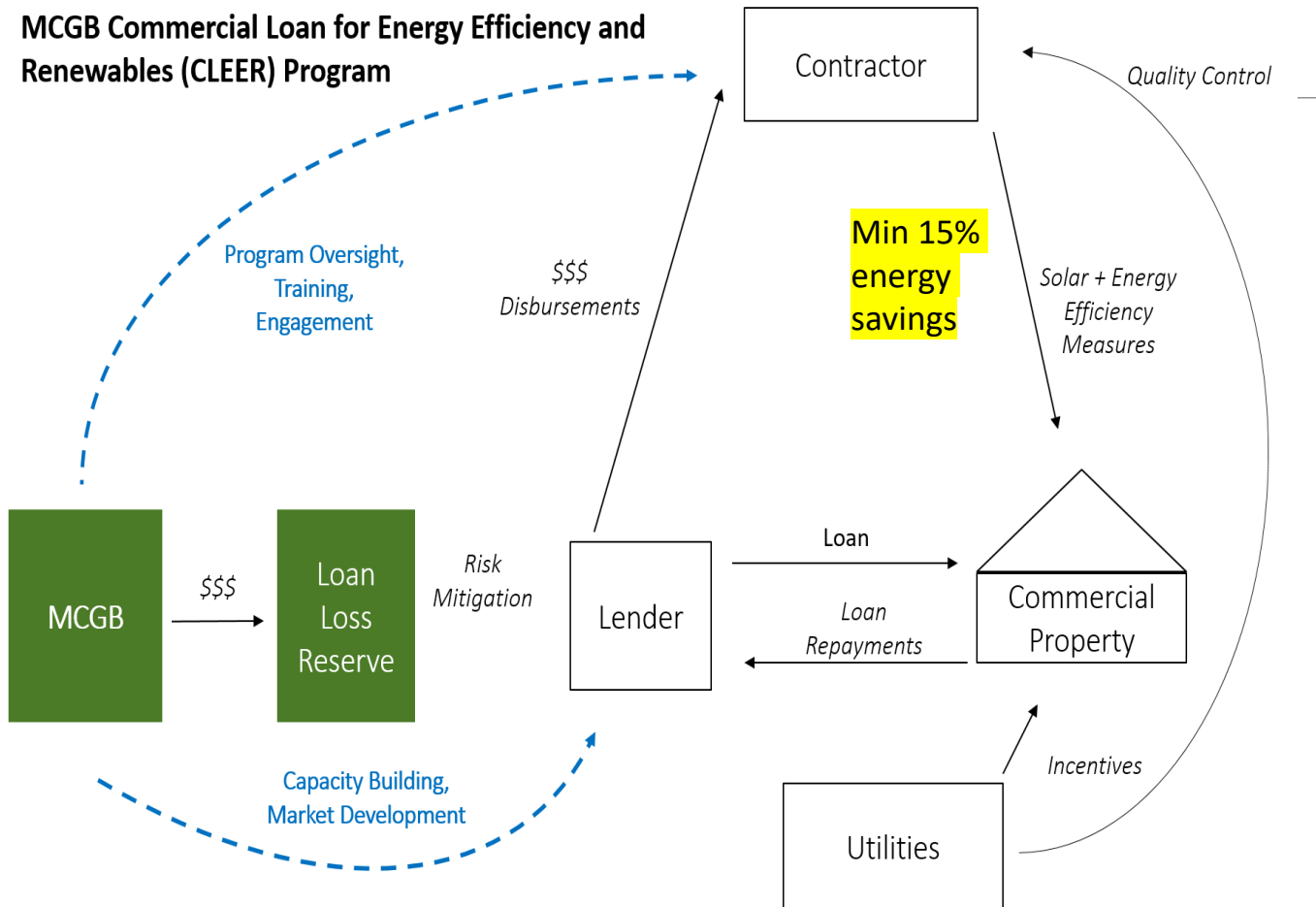
Category	Project - HVAC
Cost of Project	\$198,000
Less: Pepco Utility Incentives	<u>\$48,000</u>
Balance to be Funded	\$150,000
Loan Amount	
100% of balance	\$150,000
CLEER fees	<u>\$5,250</u>
Total Loan Amount	\$155,250
Term and Rate	10 yr / 6.375%
Annual Debt Service	\$21,036
Projected Energy Savings Per Year (179,500 kWh @14 Cents per kWh; assumed an all-in rate)	\$25,130
Annual Customer Cash Flow After Debt Service	\$4,094



CLEER – An Example of How MCGB Works

Simple structure:

- MCGB stands behind lender for losses
- MCGB authorizes contractors for program
- Lenders make loans on specific energy efficiency and renewable scopes of work
- Borrowers approved on credit; but savings support payments
- MCGB provides oversight



Loans: 100% financing; up to 12 years; lower rates; not secured to property



Montgomery County Green Bank

Commercial Loan for Energy Efficiency and Renewables

Commercial, industrial, multifamily, nonprofit, common ownership communities

Up to \$250,000
Unsecured
100% financing
Up to 12 years

Residential Energy Efficiency and Renewables (in development)

Single-Family Detached and Attached 1-4 Unit Properties

Up to \$25,000
EE and Solar PV
Unsecured
Aligned Home Performance with Energy Star and Other Incentives

Community Solar (In Development)

Pilot Project

Rental and Homeowner subscribers
30% low and moderate income subscribers

Affordable Rental

Pilot to support affordable owners to undertake EE improvements

Provide TA from scoping through implementation

Other Areas under Review

Solar for nonprofits
Opportunity Zones
Low / Mod Solar

