

BUILDING A SUSTAINABLE ENERGY UTILITY

JOHN BYRNE
jb@freefutures.org

FOUNDATION FOR RENEWABLE ENERGY & ENVIRONMENT (FREE)

Mission

A non-profit, international organization established to promote energy, water and materials conservation, renewable energy use, and environmental resilience through the spread of sustainable energy utilities (SEUs)



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THE SEU MODEL IS RECOGNIZED BY
U.S. GOVERNMENT
&
ASIAN DEVELOPMENT BANK



The White House

Office of the Press Secretary

For Immediate Release

December 02, 2011

In the White House press release on the President's *Better Buildings Challenge*, the Delaware & Washington DC SEUs were recognized for accomplishments meriting national attention.



Asia-Pacific Dialogue on Clean Energy
Governance, Policy, and Regulation



Collaborating Partners



GE Energy



International
Energy Agency



International
Partnership for
Energy Efficiency
Cooperation



sern
a reep initiative



Communiqué

Special Roundtable to Develop a Regional
Plan of Action for Clean Energy Governance, Policy, and Regulation

June 24, 2011
ADB Headquarters, Manila

At the 6th Clean Energy Summit in Manila (2011), the Asian Development Bank recommended the SEU Model to the region's policy-makers.



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WHY AN SEU?



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Barriers to Success

Fragmented Decision Making

Answer: Create a Program dedicated to sustainable energy problem-solving (24/7)

Scale of Investment is Too Small

Answer: Create a Program able to pool project investments into cost-efficient financing scales

No Trusted Advisor

Answer: Create a Program that can provide independent, objective monitoring and verification of investment performance and identify actions needed to comply with the savings guarantee



SHIFTING THE ENERGY PARADIGM: THE SUSTAINABLE ENERGY UTILITY MODEL

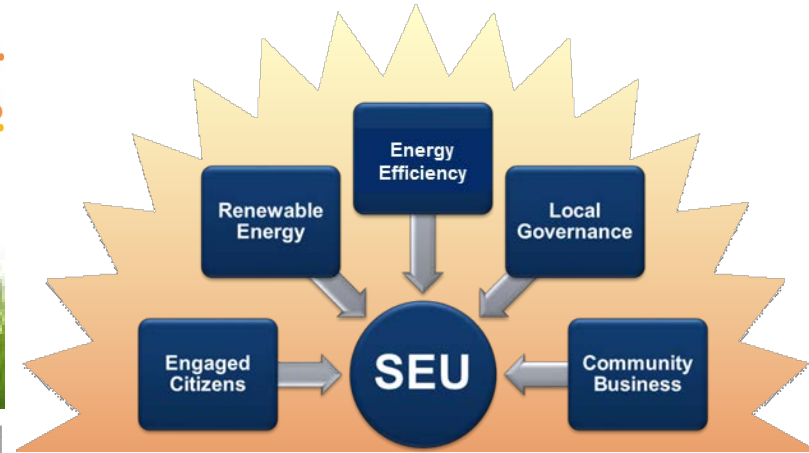
The **Sustainable Energy Utility (SEU)** is an innovative public-private partnership delivering energy efficiency, load reduction & clean energy services. **FREE** provides advisory services to establish SEUs around the world.

Implemented in:

- Delaware
- Washington, DC
- Sonoma CA

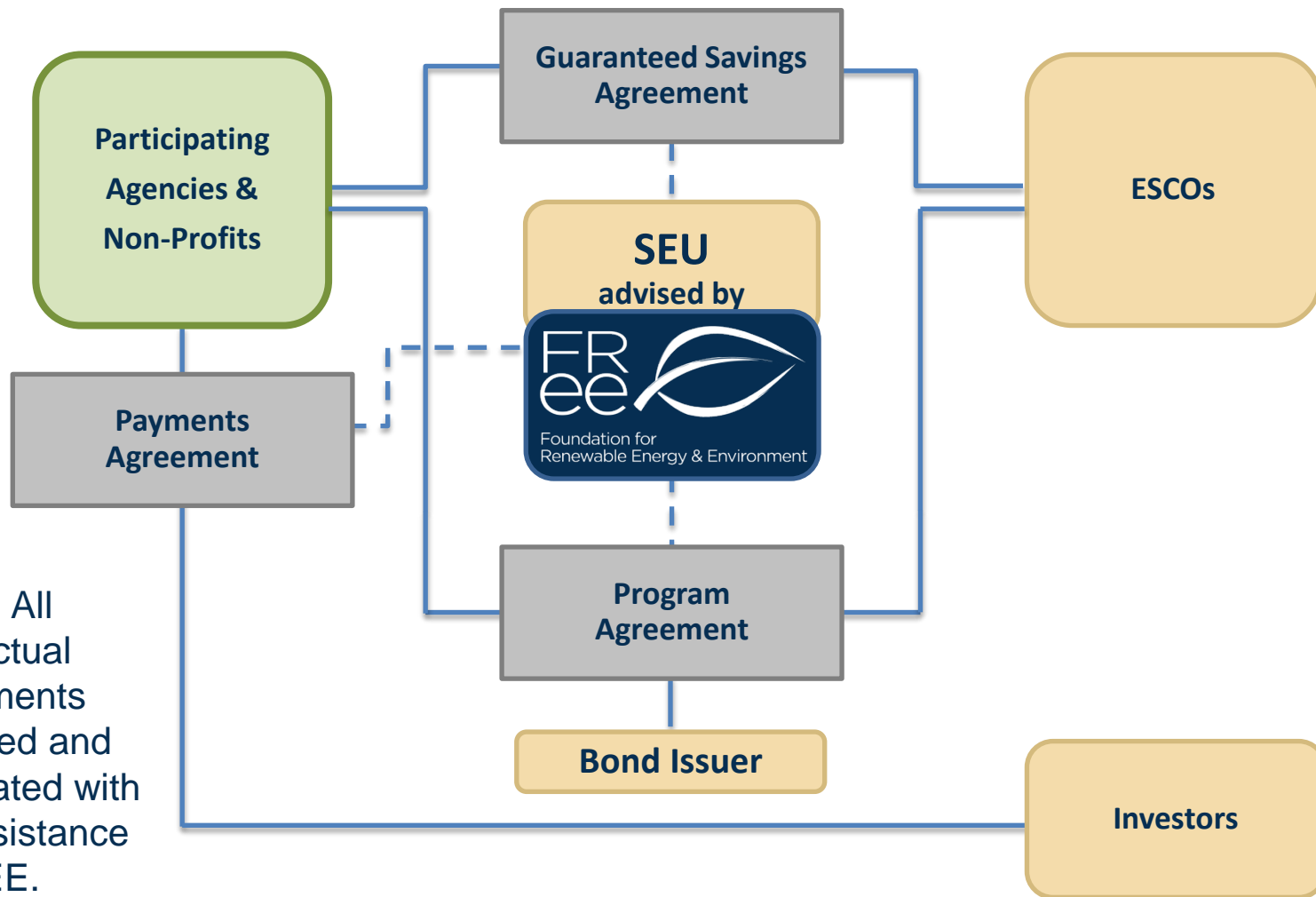
In development:

- California
- Pennsylvania
- China options



- | | |
|-----------------------|--------------------------------|
| Green Jobs | Greenhouse Gas Reductions |
| Stable Energy Markets | Consumer Cost Savings |
| Energy Security | Local Energy Governance |
| Clean Air and Water | Natural Resources Conservation |

Sustainable Energy Utility Financing for Building Retrofits



NOTE: All contractual agreements prepared and negotiated with the assistance of FREE.



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A PROVEN MODEL



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SNAPSHOT OF THE DELAWARE SEU SUSTAINABLE ENERGY BOND SERIES

TRANSACTION: TAX-EXEMPT BOND SOLD ON AUGUST 1, 2011 AA+ by S&P

PAR VALUE = \$67.45 MILLION WITH PREMIUMS = \$72.55 MILLION

SERIAL BONDS: maturities from 1 year (borrowing rate = 0.65%) to 20 years (rate = 4.37%)

EFFECTIVE BORROWING RATE = 3.7% AVERAGE SIMPLE PAYBACK PERIOD: ~ 14 yrs

SIX STATE PARTICIPANTS

Department of Children, Youth and Their Families

Department of Correction

Department of Natural Resources and

Environmental Control & Carvel State Office Building

Legislative Hall, State of Delaware

State Courthouse

BOND PROCEEDS (incl. Premium)

\$ 1.667 million

\$39.699 million

\$ 6.205 million

\$ 5.199 million

\$ 1.012 million

TWO HIGHER EDUCATION INSTITUTIONS

Delaware State University

Delaware Technical and Community College (3 campuses)

\$12.108 million

\$ 6.661 million

Contracting Companies: Ameresco, Honeywell, Johnson Controls, Noresco, Pepco Energy Services, Trane

MAJOR BUYERS: Definitive Capital, Lord Abbott, First New York Securities, Merrill Lynch



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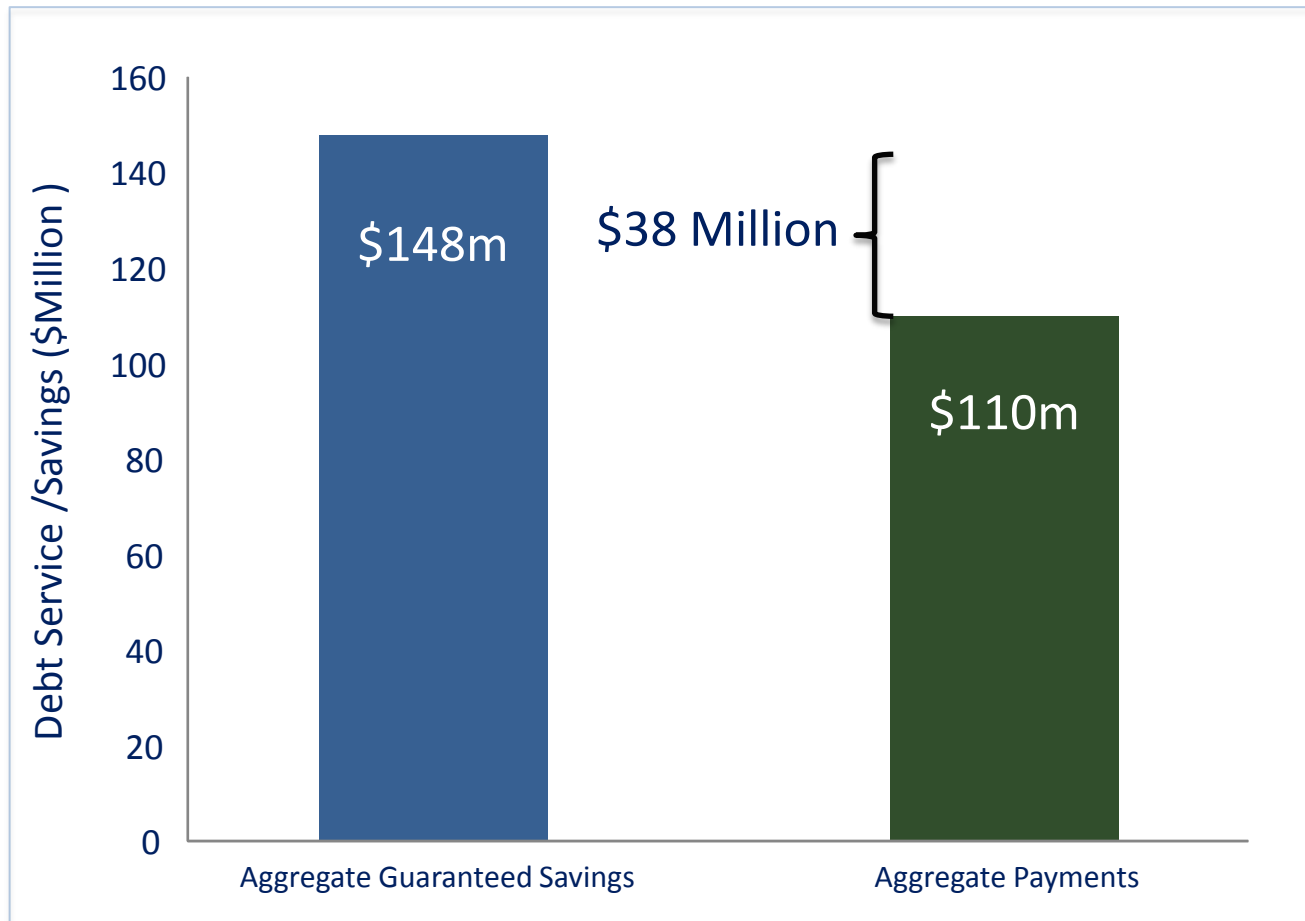


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SUSTAINABLE ENERGY BOND – AUGUST 1, 2011



~ 1,000 Jobs

S&P AA+ Rating

Sonoma County Efficiency Financing Program

sonomacountywater.org/scef

Created in partnership with the *Foundation for Renewable Energy and Environment (FREE)*, the SCEF Program is a tool to arrange low-cost financing for:

- 16 school districts (including nearly 100 school buildings)
- 3 municipalities (improved performance of city buildings)
- 2 municipal lighting districts (outdoor lighting)
- 1 hospital

Anticipated financing: \$50 million Spring 2013

NO government or ratepayer subsidy

FREE & **SCWA** have assembled an expert team of energy and water engineers, financial advisors, legal counsel and M&V specialists with the goal of getting the best results for a diverse portfolio of technologies & participants.



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MULTIPLE BENEFITS



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SUSTAINABLE ENERGY Finance PROGRAM

NO NEW LEGISLATION OR NEW PROGRAM APPROPRIATIONS REQUIRED

FOCUS: Public AND NON-PROFIT CREDITS

TRANSACTION: TAX-EXEMPT FINANCING OF SUSTAINABLE ENERGY INVESTMENTS (based on demonstrated market success of the SEU Energy Efficiency Bond Series) *
LOW-COST FINANCING WHICH INCENTIVIZES 'DEEP RETROFIT' CHOICES
AMONG THE BEST & FASTEST MEANS TO CREATE JOBS (4X more jobs per million\$ invested compared to conventional energy projects)

FEATURES: CUSTOMIZABLE TO LOCAL CONDITIONS
NET SAVINGS ACCRUE TO PUBLIC PARTICIPANTS
\$\$\$\$-DENOMINATED VERIFIABLE SAVINGS
PRE-APPROVED ESCOs/CONTRACTORS
COMMON DOCUMENTS
MONITORING & VERIFICATION PROTOCOLS THAT SUPPORT PARTICIPANT GOALS
LOW COST CAPITALIZATION OF E-E OPPORTUNITIES (by taking advantage of pooling and standardized transaction model of *FREE's* SEF Program)

- Taxable financing can be arranged when, for example, renewable energy options are selected and tax equity is needed to secure federal and other tax credits and favorable depreciation treatment.



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SUSTAINABLE ENERGY Finance PROGRAM

MORE BENEFITS

NO UPFRONT CAPITAL COSTS

PUBLIC PARTICIPANTS OWN ALL IMPROVEMENTS & ASSOCIATED BENEFITS

LOWERS THE COST OF GOVERNMENT IN THE SHORT & LONG RUN

PROJECT FLEXIBILITY (selection of Conservation Measures [or CMs, including actions to save energy, water and materials] & repayment terms customized to meet Participant needs)

EASE OF PARTICIPATION: JUST 5 STEPS

- 1) **Sign Letter of Intent (LOI)**
- 2) **Request ESCO/Contractor Bids**
- 3) **Receive Investment Grade Audit & select CMs**
- 4) **Execute Agreements (including the GSA – Guaranteed Savings Agreement)**
- 5) **Start Project !**

GROWING INTEREST



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MANY SEUs



<http://www.encyvermont.com>



<http://dcseu.com/index.aspx>



<http://www.greatercea.org/>



Your sustainable energy resource

<http://www.energizedelaware.org/>



<http://www.cleanenergyfinancecenter.org/>



**coalition for
green capital**

<http://www.coalitionforgreencapital.com/>



<http://www.bostoncommunitycapital.org/>



**CONNECTICUT
CLEAN ENERGY FUND**

<http://www.ctcleanenergy.com/>

*International applications of the model have been discussed in a special issue of **The Bulletin of Science, Technology and Society**: <http://bst.sagepub.com/content/29/2.toc>*

Experts already in place

FREE has a full team of experts who work directly with a jurisdiction to build SEUs and formulate customized projects that deliver best results. Experienced and knowledgeable on all aspects of clean energy technology, sustainability metrics and low-cost financing, the team guides participants through the creation of an SEU and actual project financings from start to finish.

Team Structure:

- Team Lead (with international experience)
- Legal Counsel (with international experience)
- Financial Advisor (with international experience)
- Monitoring & Verification Experts (with international experience)
- International ESCO and Investor Network

For further information...

<http://freefutures.org>

<http://freefutures.org/seu-initiative/free-sustainable-energy-financing-advisory-service>

Dr. John Byrne
Pam Hague

Chairman & CEO
Program Manager
pam@freefutures.org
302.559.4543



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