



focus on energysm

Partnering with Wisconsin utilities

Renewable Energy Revolving Loan Fund

February 17, 2016

..... Saving Energy and Money For Wisconsin

Context: Renewable Energy Funding

- Following the Quadrennial Planning II process, the Public Service Commission of Wisconsin required that Focus on Energy spend:
 - **\$5 million of incentives** for renewable energy projects closing in 2015
 - **\$3.5 million of incentives** for renewable energy projects closing in 2016
 - **\$10 million** for a **revolving loan fund** pilot for RE projects from 2015-2018

Context: RE Funding in 2016

- For 2016, Focus on Energy offers two programs that offer support for renewable energy projects:
 - Renewable Rewards
 - Renewable Energy Loans

Context: Renewable Energy Funding

Renewable Rewards

- \$300-\$2,400 for solar PV systems (\$600/kW DC rated capacity)
- \$650 for geothermal heat pumps
- Incentives distributed on a first-come, first-serve basis

Renewable Energy Loans

- 0% interest loan for up to 50% of total project loan for qualified projects (Focus loan up to \$50,000 for residential/SB solar and geothermal projects, and up to \$500,000 for C&I qualified RE projects)

Renewable Energy Loans

- Following the Quad Planning II process, the Commission ordered Focus to use \$10 million to fund a renewable energy revolving loan fund pilot, from 2015 through 2018
- The RE Loan Revolving Loan Fund launched on January 1, 2016, so the 2015 and 2016 funding will be available for lending in 2016



How does the RE loan program work?

Partner Lender

- Provides 50% (or more) of loan funds at market interest rates
- Performs credit analysis and loan structuring
- Conducts loan closing
- Services loan
- Customer's point of contact

Focus on Energy

- Participates in the Partner Lender's customer loan
- Provides 50% (or less) of total customer loan funds at 0% interest
- Provides 'technical approval' of the project
- Provides subordinate loan position to lender in loan default case

The diagram illustrates the collaboration between a Partner Lender and Focus on Energy. Two large blue arrows point towards each other from the left and right sides, meeting at a central point. From this meeting point, a large light blue arrow points downwards to a dark blue circle. The circle contains the text 'Total Renewable Energy Loan'. The Partner Lender box is on the left, and the Focus on Energy box is on the right.

Total
Renewable
Energy
Loan

Why partner with lenders?

Renewable Energy Loans

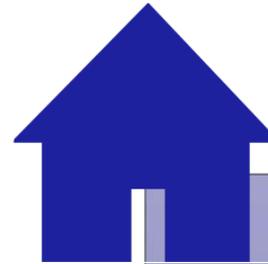
- **Challenge:** Focus on Energy is *not* a lender, and has a limited pool of loan funds
- **Solution:** Focus on Energy partners with private lenders to make loans to customers. Focus on Energy “participates” in as a source of cash funding for the customer loan. This increases the amount of funding available to finance RE projects.
- Lender underwrites loan and funds half or more of the loan at market rates. Focus funds up to half of the loan at 0%.
- Lender is chosen by the customer, and may be any regulated lender in Wisconsin (e.g. credit union, thrift, bank, CDFI)

Focus RE Loans Available



C&I Loan

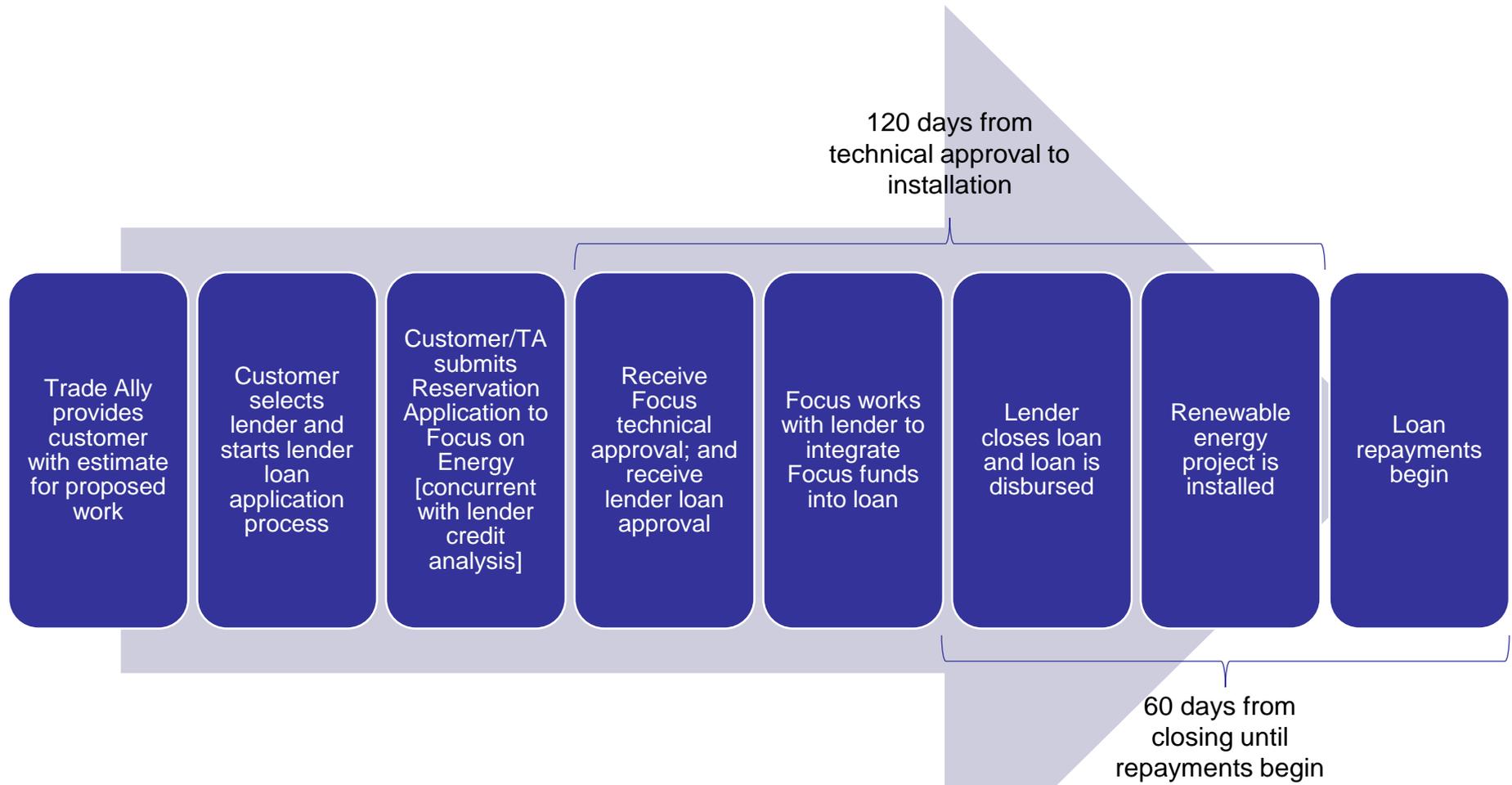
- Renewable energy projects for commercial and industrial customers in participating utility territories
- Solar PV, solar thermal, geothermal, wind, biomass, biogas
- Focus loan amount: \$50,000 to \$500,000, but $\leq 50\%$ total customer loan amount



Residential/Small Biz Loan

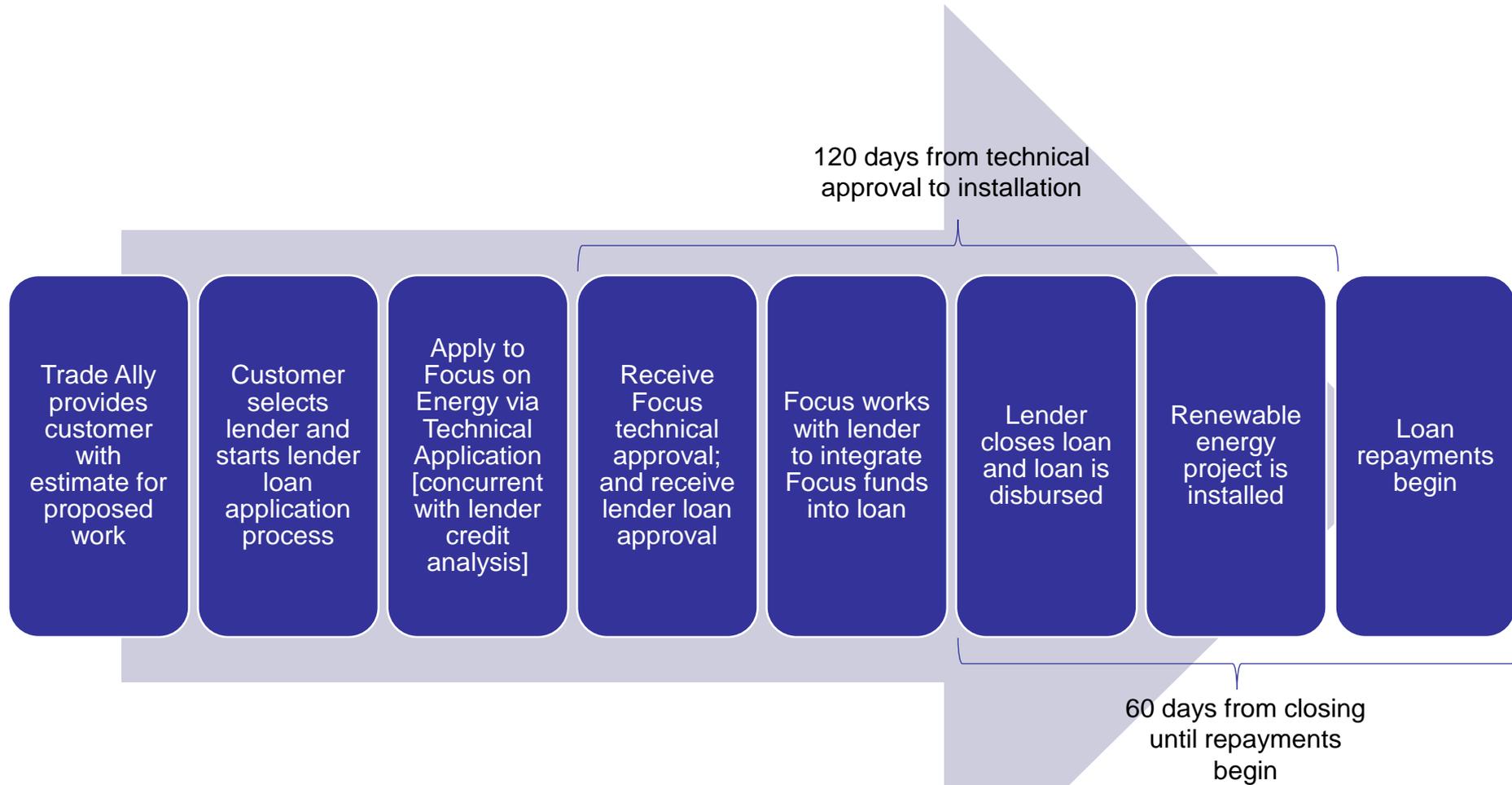
- Solar PV and geothermal heat pump projects for residential and small business customers in participating utility territories
- Focus loan amount: Up to \$50,000 but $\leq 50\%$ total customer loan amount

Residential / Small Business RE Loan Process (Solar and Geothermal)



- *If project is receiving incentives via Residential Renewables, incentive application is submitted after project installation*

Commercial and Industrial RE Loan Process



Projects that have already received RECIP funding are not eligible to receive an RE loan from Focus on Energy.

What's in it for lenders?

- Technical approval of projects (provides reassurance to lenders for what may be unfamiliar technologies)
- 50% of loan funds at 0% interest
- Flexible loan term with 20 year maximum
- Single loan closing
- Focus subordinates position in case of default

Coordination with other financing programs

- RE loans may be used in coordination with other RE financing programs, for example:

- Milwaukee Shines



- Low-interest (as low as prime + 1.5%) solar loans via Summit Credit Union for Milwaukee homeowners
- http://city.milwaukee.gov/MilwaukeeShines#.VsNlo_krLcs

- USDA REAP Guaranteed Loan Program



- Guaranteed loan financing for rural small businesses and agricultural producers to purchase or install renewable energy systems or implement energy efficiency improvements
- http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf

Program Handouts

FOCUS ON ENERGY RENEWABLE ENERGY LOAN PROGRAM



FREQUENTLY ASKED QUESTIONS | BORROWERS

WHAT IS THE FOCUS ON ENERGY RENEWABLE ENERGY LOAN PROGRAM?

Focus on Energy is currently piloting a Renewable Energy Loan Program designed to encourage renewable energy production within Wisconsin. The renewable energy loans are disbursed by Focus on Energy in partnership with private lenders. Focus provides up to 50% of the loan funds at zero percent, and the partner lender provides the remaining funds at market rates. Focus on Energy is not a lender; Focus provides technical approval for the project and relies on the Partner Lender to provide credit approval. The program is open to any individual or organization in Wisconsin that is a customer of a participating utility in Focus on Energy. Loans may be issued for renewable energy projects ranging in size from small residential or farm systems to large industrial-scale systems.

WHAT TECHNOLOGIES CAN BE FINANCED?

For residents and small businesses, new geothermal and solar electric projects are eligible. For commercial and industrial borrowers, new geothermal, solar, wind, biogas, biomass, and solar hot water projects in Wisconsin are eligible. Focus on Energy loan funds may not be used to refinance an existing loan or be applied to existing renewable energy facilities. Focus on Energy loans may only be used to finance qualified renewable energy projects. The cost of home or building repairs and/or additional or complementary construction work shall not be taken into account when calculating the amount Focus on Energy renewable energy loan

CAN LOANS BE PAIRED WITH TRADITIONAL INCENTIVES FROM FOCUS ON ENERGY?

Yes. Loans do not count towards Focus on Energy's annual incentive caps.

WHICH LENDERS CAN I WORK WITH?

Borrowers can use their own financial institution in partnership with the Focus on Energy renewable energy loans. Any regulated bank, thrift, credit union, or Community Development Financial Institution in Wisconsin is eligible to participate as a Partner Lender.

HOW CAN A BORROWER APPLY FOR THE RENEWABLE ENERGY LOAN PROGRAM?

There are two applications based on the size of the system being installed and the type of customer applying. There is one application for residential and small business customers interested in a renewable energy loan of \$50,000 or less and one for commercial and industrial customers interested in a renewable energy loan of over \$50,000. Residential and small business borrowers must complete a Reservation Application.

Commercial and industrial borrowers must complete a technical loan application. In both cases, the application provides information to help determine the project's potential for success and to make sure it meets Focus on Energy's technical requirements. Once the application is approved by Focus on Energy, and the borrower has received credit approval from his or her lender, then Focus on Energy will work with the lender to structure a financing package that includes Focus on Energy funds and a matching (or greater) amount of lender funds.

Focus on Energy loans are provided until the funds for that lending period are gone. Applications are available by contacting Focus on Energy or visiting the website www.focusonenergy.com/renewable_loan_fund.



FOCUS ON ENERGY RENEWABLE ENERGY LOAN PROGRAM



FREQUENTLY ASKED QUESTIONS | LENDERS

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WHY SHOULD A LENDER CONSIDER WORKING WITH FOCUS ON ENERGY'S RENEWABLE ENERGY LOAN PROGRAM?

There are several reasons; the most important one being that the Focus on Energy loan can help lenders secure profitable loans for projects that might otherwise be deemed an unacceptable risk. The proceeds from Focus on Energy reduce the cost of financing for the borrower, helping to make the projects more viable. Additionally, Focus on Energy assumes a secondary position on the loan note so that in a default situation, the lender's share of the loan receives the highest priority during recovery.

HOW MUCH FUNDING IS AVAILABLE?

The Public Service Commission of Wisconsin has made \$10 million available over a four-year period. Focus on Energy intends to lend out \$2.5 million per year for four years during the pilot phase of the program, beginning in 2016.

HOW DOES FOCUS ON ENERGY WORK WITH LENDERS TO DISBURSE THE FOCUS ON ENERGY LOAN FUNDS?

Focus on Energy accepts applications continuously for both small projects (with a Focus on Energy loan of ≤\$50,000) and large projects (with a Focus on Energy loan of >\$50,000 up to \$500,000). Upon receipt of an application, Focus on Energy conducts a review to

determine the technical merit of the proposed project.

After the technical approval is secured, the applicant is notified by email of the necessary steps required to secure the financing for the project. At the same time, the applicant's designated lender is sent a packet of materials that includes a copy of the application, a technical opinion of the proposed project, the amount of the Focus on Energy loan funds approved, a Lender Participation Agreement and other informational documents. Focus on Energy then works with the lender to structure a financing package that will include up to \$500,000 of Focus on Energy loan funds and a matching (or greater) amount of lender funds. The Focus on Energy loan share of the funds will carry a zero percent interest rate with a loan term not to exceed 20 years. The lender's share of the funds will be loaned at market interest rates for a term not less than that applied to the Focus on Energy loan funds.

The lender assumes responsibility for performing the due diligence associated with the financial qualification or credit worthiness of the applicant. Upon successful execution of the lender Participation Agreement, the Focus on Energy loan funds are transferred to the lender who combines them with its own funds and disburses the loan proceeds to the borrower. The lender services the entire loan package throughout its term and forwards



What can Trade Allies and other stakeholders do?

- Talk with customers and lenders about the program, share FAQs broadly
- Let us know whether additional marketing materials would be helpful

Questions?

www.focusonenergy.com

800-762-7077

Business Renewables:

<https://focusonenergy.com/business/renewable-energy>

Residential Renewables:

<https://focusonenergy.com/residential/renewable-energy>