

TRF Sustainable Development Fund: Financing for Pennsylvania's Clean Energy Market Development

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TRF Sustainable Development Fund





The Reinvestment Fund



Capital at the point of impact.

www.trfund.com

- Recognized as one of the leading Community Development Financial Institutions in the US - **\$662 million in capital** now under management from **830 investors**
- Active portfolios in commercial real estate, community facilities, housing, venture financing and energy
- Since 1993, TRF has integrated energy impacts with its financing transactions throughout its portfolios

www.trfund.com/sdf

- NESIP – \$4.5 million energy revolving loan fund to finance energy efficiency measures for non-profit organizations
 - Seeded with \$2.25MM from Pew Charitable Trusts
 - Managed by TRF since 1993
- SDF – \$32 million of funding to promote renewable energy market development and energy efficiency
 - Funded from electric restructuring and merger cases
 - Managed by TRF since 1998



SDF's Mission

- To support the commercialization and use of renewable energy and advanced clean energy technologies
- To support energy conservation and energy efficiency
- To support sustainable energy businesses





SDF's Financial Tools

- Commercial loans
- Energy performance contract financing
- TRF-branded leasing product
- Near-equity investments (subordinated debt, royalty financing)
- Equity investments (PAIT Fund)
- Performance-based grants





SDF Funding

SDF Core Fund	\$13.5 million
PA Wind Development	\$12 million
PA Solar Photovoltaics *	\$4 million
Renewable Energy Educ.	<u>\$2.5 million</u>
TOTAL	\$32 million

* An additional \$701,366 in PV support was awarded to SDF by PEDDA in 2006, expanding the total PV program budget to \$4.7 million.



Funding Approvals through 12/31/09

TYPE	#	SDF APPROVALS	TOTAL PROJECT
Loans and investments	43	\$23,957,752	\$132,387,034
Core grants	87	\$1,769,858	\$98,306,292
Wind grants	9	\$14,018,441	\$369,916,500
Solar PV grants	232	\$3,878,409	\$8,176,829
Public education grants	42	\$2,497,659	\$4,369,378
TOTALS:	430	\$46,122,119	\$613,156,033

Additional energy-related loans:

- NESIP: **63 loans** totaling **\$10,603,938**



2008 -09 – Navigating the Financial Crisis

- Worst of Times
 - Banks/institutional lenders are still not lending, or when they do lend, it is on terms that incorporate very high risk premiums.
 - Often, entities are unable to take advantage of grants or rebates since they are unable to find financing for the balance of the project costs.
 - There is a critical need for predictable access to capital for clean energy and energy efficiency projects.
- Best of Times
 - American Recovery and Reinvestment Act – unprecedented funding for clean energy projects
 - Pennsylvania’s Act 129
 - Carbon regulations seen as increasingly likely



2009 SDF Financing Highlights

- Commercial solar PV installations at two sites-
\$706,850 loan facility (109 kW total)
 - First time a commercial lender in the region has financed a commercial solar project requiring bridge funding for PA Sunshine Program grant and federal grant in lieu of the federal Investment Tax Credit
 - To be participated to Sustainable Energy Fund
- Thomas Jefferson University - Energy conservation measures
 - \$2,099,457 lease financing through TRF Leasing
 - Participated to The ELEX Group, Inc. and Sustainable Energy Fund



SDF EPC and Energy Lease Financing

- Energy efficiency measures are designed, installed by an energy services company (ESCO) under an **Energy Performance Contract (EPC)**
- SDF provides flexible, long term, low-interest financing to the project, leveraged with bank and other financing
- Benefits: no capital budget approval required, lower operating expenses, does not affect existing loan/bonding covenants of end user
- Projects can also be financed through TRF's private label lease financing program - **TRF Leasing**
- An important way to finance energy efficiency measures (e.g. lighting, HVAC) and DG systems (e.g. PV, CHP, fuel cells, etc.)



PA Advanced Industrial Technology Fund

- SDF created PA-AIT in 2002 with Blue Hill Partners, a private equity fund
- PA-AIT is a new venture incubator fund that invests in early-stage renewable and clean energy companies
- PA-AIT portfolio companies:
 - *Princeton Energy Systems*
 - *Encelium Technologies*
 - *Connected Energy Corp*

- \$12 million in wind production incentives for 7 new Pennsylvania wind farms totaling 257 MW
 - Leveraged \$324 million of private investment
 - 4 utilities buying PA wind power
- Syndicated subordinated debt for a 9 MW wind farm
- Financed the equity pay-in for 24 MW wind farm (Babcock & Brown model)
- 1 community wind project underway – 1 new community wind project to be selected



- \$4 million, supplemented by \$701k from PEDDA
- Budget fully committed – program closed in 2006
- 232 systems installed – 928 kW_{DC} – 1,008 MWHs/yr.
- SDF is registering SRECs on GATS and selling them, splitting proceeds between system owners and SDF
- SDF program the precursor to DEP's Pennsylvania Sunshine Program and CFA's Solar Energy Program - \$190 million total





SDF Public Education

- \$2.5 million from the PECO/Unicom merger - Budget fully committed
- 42 grants for a variety of public education activities
 - Grass roots, hands-on educational programs
 - Television and radio advertising
- Program coordinator to help grantees work together





PA Clean Energy Communities Campaign

- A public education campaign managed for SDF by SmartPower
- 3 requirements of a Clean Energy Community:
 - Local government commitment to purchase 20% of their electricity from clean sources
 - % of local residents purchase clean energy
 - Local government actually purchasing clean energy
- 20 townships became a PA Clean Energy Community and received a 1 kW Solar PV system

Abington Township, Cheltenham Township, Borough of Doylestown, East Bradford Township, Jenkintown Borough, London Grove Township, Lower Makefield Township, Marple Township, Borough of Media, Middletown Township, Nether Providence Township, Schuylkill Township, Swarthmore Borough, Tredyffrin Township, Upper Dublin Township, Upper Makefield Township, Warminster Township, Warrington Township, West Vincent Township and Wrightstown Township



TRF Energy Technical Services

TRF provides energy “owner’s rep” services for prospective borrowers:

- Review and analysis of energy bills
- Site-specific energy surveys
- Design assistance for new construction, additions and major renovations
- Technical information
- Project management assistance (review of contractor bids, referral lists of contractors, help with RFBs and contracts)
- Follow-up services (staff training and monitoring of project savings)

New Opportunities

TRF has submitted or been included in proposals for DOE ARRA funds:

- ✓ \$12 million PA Green Energy Loan Fund (formula SEP \$)
- ✓ \$4.5 million Philadelphia Greenworks Loan Fund (City of Philadelphia - formula EECEBG \$)
- \$18 million Project Energy Smart Regional Loan Fund (Metropolitan Caucus - competitive EECEBG \$)
- PA Treasury Department requested \$25 million as seed capital for its Education Energy Efficiency leveraged loan fund (competitive EECEBG \$)



TRF Energy in the Coming Year

- TRF will continue to raise additional private capital to leverage its public funds for energy-related project financing
- SDF is only one of several energy funds managed by TRF
- Primary energy activity will be lending, mostly for building-related energy conservation/efficiency projects and on-site renewable energy generation
- TRF Energy will seek to dramatically increase the number of participations with financing partners throughout the state (PA SEFs, county economic development corporations, CDFIs, Dept. of General Services GESA/ESCO program, etc.)
- Goal is to quickly deploy ARRA funding throughout PA in quality energy projects that put people to work and draw private capital back into project financing



Contact Us



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