



INCLUSIVE
PROSPERITY CAPITAL

NASEO FINANCING COMMITTEE: NEW TRENDS IN ENERGY FINANCING

A MISSION-DRIVEN CLEAN ENERGY INVESTMENT PLATFORM AND PROGRAM PARTNER,
INVESTING IN UNDERSERVED COMMUNITIES AND MARKETS

FEBRUARY 9, 2023

Agenda

- 1. Introduction*
- 2. What is Smart-E*
- 3. How the Program Works for Energy Offices*
- 4. Financing LMI Community Solar*
- 5. Wrap Up*

The “Why”



We believe everyone should have access to the **benefits** of clean energy:

- A **cleaner, more resilient environment** in the face of climate change
- Healthier communities & buildings that create **positive social externalities**
- **Sustainable economic value creation**: reduced energy burdens, increased household/business savings, and enhanced community productivity

We can **change the conversation** in underinvested neighborhoods and underserved markets, helping to deliver Inclusive Prosperity.



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What is Smart-E

A National Residential Loan Platform

Scaling Local Lending and Inclusive Household, Economic
Development & Clean Energy Impacts

Problem We're Solving – Scaling Green Home Upgrades

Homeowners

- ❖ Don't know who to trust
 - What to install
 - How to find a good contractor
- ❖ Challenged to pay for upgrades

Lenders

- ❖ (Many) don't know green consumer lending
- ❖ Don't know how to get started
- ❖ Collateral and Risk

Contractors

- ❖ Need convenient and affordable financing options
- ❖ Need working capital to handle multiple jobs with financing

Governments

- ❖ Need all hands on deck to meet policy goals, particularly private capital partners

Solution: Smart-E Loan for Homeowners – National Platform

Smart-E mobilizes the **lending capacity of local lenders**, a **vetted contractor network**, and the **experience** of trusted program partners to scale clean energy home upgrades in a **national residential loan platform** using a **proven, standardized product** with **credit enhancement** that supports **underserved borrowers**.

Backers & Partners



Michigan Saves™



Program Snapshot

- ❖ Over \$500M loans, 60,000 homeowners in 3 states (CT, MI, CO)
- ❖ 19 community lenders
- ❖ 1,000+ contractors across all trades – solar, efficiency, HVAC and more
- ❖ Excellent portfolio performance

SMART-E LOAN PRODUCT



- Residential **unsecured loan** product for homeowners
 - ❖ 1-4 unit, owner-occupied residential properties
- **Low-interest** financing with **flexible terms**, enabled by **loss reserve**
- ❖ All customers get the same interest rate, no matter their FICO

Term	5-Years	7-Years	10-Years	12-20-Years
Rate (not to exceed)	5.49%	5.99%	6.49%	6.99%

- **Easy** application through **local lenders**
 - ❖ 580+ FICOs
 - ❖ DTI up to 50% (screen waived with FICOs of 680+)
- 40+ energy improvements
 - ❖ Heating and cooling, solar, insulation, windows, etc.
- \$500 - \$40,000 **loan amounts** available
 - ❖ 25% of loan for “other”
- Progress payments built into the loan (1/3 upon closing, 2/3 upon proof of completion) ⁷



We've Solved the Hard Problems!

- **Contractor** recruitment, training, oversight, engagement, and project level management
 - ❖ Ensure a **strong consumer protection orientation** with a not-for-profit, mission-driven platform partner
- Standardized program design with meaningful impact reporting
 - ❖ What measures are going to help **customers invest in their homes**, and **save money** that can be used to **pay back the loan**
- Effective leverage of your own program funds
 - ❖ **Reduce program costs over time** as volume on the national platform scales
 - ❖ Offer a **best-in-class product** at a **fraction of the cost**
 - ❖ Leverage the **millions of dollars** and **years of experience** CT and MI have **invested**
- How to **scale** and drive volume to help hit policy goals
 - ❖ Market transformation (help train contractors to focus on specific technologies)
 - ❖ Online project management tool, **NGEN**, creating efficiencies
- Access a passionate, **experienced team** who understand how to **motivate contractors, lenders, and homeowners** to make energy programs impactful
- Address **low-to-moderate income and credit-challenged** homeowners alongside mainstream homeowners



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Financing LMI Community Solar

Financing Solutions for LMI Community Solar

Yes, there is financing available from IPC and other providers!

- IPC offers construction and permanent debt or PPAs for LMI community solar projects including
 - ❖ Projects with 100% low-income subscribers
 - Alternative underwriting approaches and credit-challenged subscribers
 - ❖ Community-owned community solar projects
 - ❖ Smaller project sizes
 - ❖ Projects paired with storage

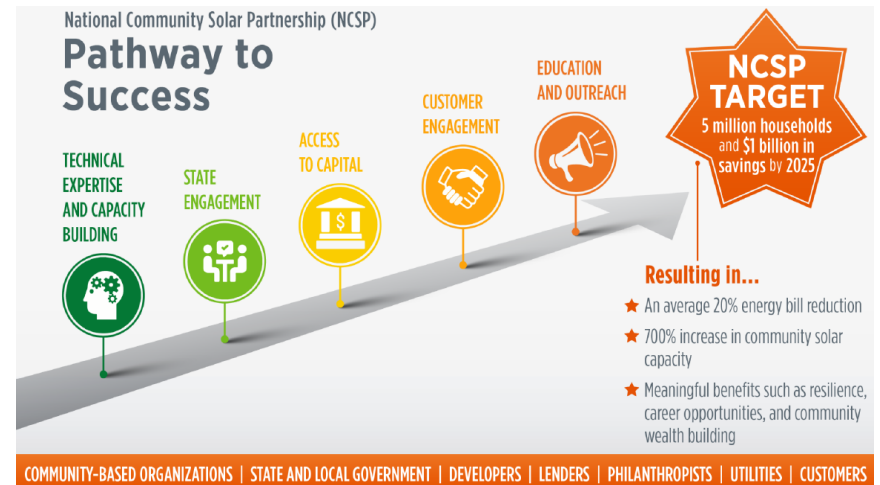
- We also support community solar developers with loans or facilities for
 - ❖ Interconnection bridge financing
 - ❖ Construction and permanent debt

- Tax credit changes under the IRA are making these types of projects even more attractive

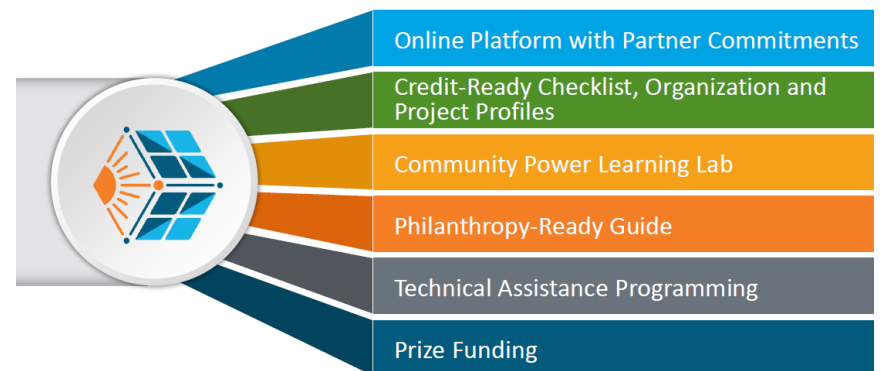
DOE's National Community Solar Partnership

- Tremendous resources available for communities, developers and states
- Technical assistance for projects
- Connections to financing
- Training for developers and community-based projects
 - ❖ Including how to get “credit ready” for financing

GET INVOLVED!



Community Power Accelerator Elements



Contacts

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