

NASEO Joint Financing Task Force & Renewable Energy Committee Call Notes
Thursday, October 6, 2011; 3-4pm ET

Attendees

NY	HI
MD	KY
ND	TX
CA	NJ
GA	Cadmus Group
NV	Sol Systems
AL	Energy Programs Consortium

Welcome and Introductions

Jeff Pitkin, Treasurer of NYSERDA and Chair of the NASEO State Energy Financing Task Force, opened the call, reviewed the agenda, and introduced the presenters.

Maryland Overview: Solar Financing

Kevin Lucas, Maryland Energy Administration

[See presentation online.](#)

Kevin Lucas provided an overview of Maryland's policies and programs that support solar deployment in the state. Kevin also discussed market trends, challenges, and some of MD's strategies to address those.

A primary driver in MD's solar market is the Renewable Portfolio Standard (RPS) with a solar-carve out. MD is also working with its utilities on making a few changes to the state's net metering statutes to allow a 12-month carry forward, where a customer can carry balances from one month into the next, and at the end of the 12-month period, they can receive a payment for any remaining balances. Additionally, MD will be piloting aggregation for agricultural, municipal, and non-profit customers. This will allow customers to size a system based on the aggregated load of several buildings, rather than per meter.

MD also administers several programs including the Clean Energy Grant Program and Project Sunburst. The Clean Energy Grant Program is funded by ARRA, RGGI funds, and alternative compliance payments (ACP) related to RPS compliance. This has been a very successful program and seen a lot of demand. Moving forward, however, the funding picture is unclear. RGGI funds are variable, ARRA is expiring, and ACP is market-driven and also variable. MD is faced with a big increase in demand even as funds are decreasing.

Project Sunburst aimed to triple installed capacity of state in a short period and the program has been very successful. MEA partnered with state agencies, local governments, and school boards to provide grants that the entity would bid out for a PPA. These grants have been very popular and successful, and with schools, the projects have also been great educational opportunities for students. Although project funds will be ending soon, MEA is developing a best practices document and templates for future interested parties to help them get past the learning curve and leave a legacy even in absence of more grants. Additionally, as technology costs continue to

decrease, the grant value will become less critical to getting projects off the ground and the regulatory barriers will become more pronounced.

Some results that MD has seen to date are that applications have grown 6-fold in past 3 years, and MD expects to have close to 40 MW of installed capacity by the end of 2011. A lot of recent growth has been in a few large projects, which is changing the historical landscape of many small residential projects.

Solar Financing: State and Regional Policies and Programs

Yuri Horwitz, Sol Systems

[See presentation online.](#)

Yuri Horwitz from Sol Systems, a third-party financier of solar projects, provided an overview of state policies that help drive solar development such as RPS, feed-in tariffs and state grantmaking. Yuri also discussed a variety of financing tools available to fund and implement solar projects including PPAs, leases, and solar renewable energy credits (SRECs).

SRECs are a market commodity in itself and also a compliance mechanism for state RPS. Sol Systems provides upfront SREC financing by paying for all the SRECs to the system owner at the start. The owner gets all the financing at once and also keeps title of the system.

Another activity Sol Systems is engaged in is Sol Market, which is an online platform aimed at streamlining connections between developers, investors, etc. to help reduce the high transaction costs of developing a solar project.

Q&A

Q: What about using QECBs to financing solar projects?

A: These can be used a number of ways—capitalizing a financing pool for instance. High-risk technology doesn't always need a lot of money, but they do need some risk assessment, etc. There's a lot of room for state financing innovation in this way.

Hawaii Overview of Renewable Energy Financial Investment

Estrella Seese, Hawaii State Energy Office

[See presentation online.](#)

Estrella Seese provided an overview of Hawaii's policies and energy goals such as RPS and EEPS. Hawaii has made good progress and in some cases has surpassed their goals. Net-metering distributed generation increased by almost 400% in 2 years. A lot of the growth in the last year was in residential rooftop PV. In the last 2 years, private sector investment has grown from about \$200 million to \$600 million. There continue to be a lot of legislation and regulation under development to continue these supporting these efforts.

Q&A

Q: What is the rate on the feed-in tariff? Does it match or exceed the existing rates?

A: They are actually lower.

WHEEL Update

Elizabeth Bellis from Energy Programs Consortium provided an update on WHEEL (for more background, please refer to [previous NASEO Financing Task Force Notes](#)). Talks with Dutch Rabobank fell through because of the European debt crisis, but Citi bank has expressed interest in buying the WHEEL portfolio of unsecured energy efficiency residential retrofit loans and those talks are going well—EPC expects that this will move faster than conversations with Rabobank. Citi is in discussions with a rating agency to obtain a BBB or A rating for the WHEEL portfolio.

Next Calls

NASEO's Financing Task Force will resume monthly calls on the first Thursday of every month from 3-4pm ET. The next call will be Thursday, November 3, 2011 from 3-4pm ET.