Sonoma County Energy Independence Program
July 19, 2012

3rd Annual SEEC Forum Financing
Having the Foundation

- Common Community Goals
- Political will and support
- Existing partnerships to leverage competencies, minimize duplication and decrease consumer confusion
- Utility Support
- Legislation
Understanding the Goals and Appreciating the Benefits

• Saving energy and money
• Increasing health and comfort
• Decreasing demand and emissions
• Developing the local economy and workforce
Barriers → Financing!

And knowledge

What “are” the Options?

Write a Check?
Line of Credit, Credit Card?
Second Mortgage, “Green Mortgage”, Refinance?
Get a Grant, Use Government Programs?

Property Assessed Clean Energy Financing (PACE)?

Utility Programs?

Do nothing?

Others?
Setting up a Sustainable Financing Warehouse

County Treasury Pool
$45M
SCWA $15M

$  
Bonds
Debt Services

Sonoma County Financing Authority

SCEIP

$  

Twice a Year Property Tax Payments

Property Owner

Investors and Open Market Financing

Teeter
Sonoma County Energy Independence Program

- SCEIP opened March 2009
- County wide, comprehensive program
- “One-stop-shop” model for consumer and contractors
- Wide range of both residential and commercial upgrades in the areas of energy efficiency, water conservation and renewable generation
- PACE financing billed once a year as an assessment on property taxes
Launched in 2011, Energy Upgrade California in Sonoma County helps residents and business owners **reduce energy use** and **save money** by taking a “**whole-building**” approach.

With the one-stop-shop approach EUC and SCEIP help property owners address their energy saving needs by providing access to information, qualified contractors, quality assurance, rebates, incentives, and financing.
One Stop Shop Approach

Contact or visit us for information and assistance online or in the office.

Learn about your building as a system with an energy analysis and water audit.

Consult with contractor(s) and your financial advisor to determine your best project plan.

Secure your financing, maximize incentives and rebates and prepare applications.

Complete your projects and reap your rewards: lower costs, better building environment and healthier buildings.

$1,000 to $4,000 Rebate
Who is Eligible?

- Improvements permanently affixed to the property
- Within geographical boundaries of the county
- Applicants are legal owner(s) of property
- Requested amount less than 10% value of the property, minimum of $2500, no maximum
- 10 or 20 year payback terms
- Commercial:
  1. Lender Acknowledgement
  2. Utility Company Energy Evaluation
Underwriting Criteria

- No credit check required, No income qualifications - Does not count against debt/income ratio
- 7% simple interest rate, interest may be tax-deductible (verify with your CPA)
- Less than 100% lien to value ratio
- No bankruptcy or involuntary liens on the property
- Current on ALL liens against the property
- Current on ALL property taxes
## SCEIP Highlights

<table>
<thead>
<tr>
<th>Program Activity through June 30, 2012</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Residential</strong></td>
<td></td>
</tr>
<tr>
<td>1678 properties</td>
<td></td>
</tr>
<tr>
<td>$46.7 million</td>
<td>$28k average</td>
</tr>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
</tr>
<tr>
<td>55 properties</td>
<td></td>
</tr>
<tr>
<td>$10.2 million</td>
<td>$189k average</td>
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### Job-years retained/created
- **698 ARRA formula**
- **74 Local Construction**
Projects Through SCEIP

**Generation**

<table>
<thead>
<tr>
<th>Type</th>
<th>Capacity</th>
<th>Systems</th>
<th>Annual CO2 Reduction</th>
</tr>
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<tbody>
<tr>
<td>Residential</td>
<td>5.8 MW</td>
<td>1007</td>
<td>3517 tons</td>
</tr>
<tr>
<td>Non-residential</td>
<td>2 MW</td>
<td>42</td>
<td>1249 tons</td>
</tr>
</tbody>
</table>

![Bar chart showing various energy conservation measures]
Challenges

• Acceptance by banks, lenders and long term investors
• Interest rate competition
• Getting out the message about the whole building approach
• Incentives for both property owners and tenants
• Robust return on investment and energy evaluation tools for all building types
• Training for the emerging energy upgrade trades
On June 15, 2012 following the direction of the federal district court, the Federal Housing Finance Agency (FHFA) published a *PROPOSED* rule for PACE programs.

The public comment period is open until September 13th.

<table>
<thead>
<tr>
<th>Delinquency</th>
<th>2009-10</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>County wide</td>
<td>3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Program participants</td>
<td>0.27%</td>
<td>0.76%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Default Rates</th>
<th>March 2009 to Feb 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>County wide</td>
<td>8 to 10 %</td>
</tr>
<tr>
<td>Program participants</td>
<td>1.1%</td>
</tr>
</tbody>
</table>
Currently, 28 states, plus D.C. authorize PACE.

PACE-enabling legislation has been adopted by 27 states

(Hawaii had existing authority).
Assistance and Support Needed

- HR 2599
- Investment in program financing
- Insurance or Guarantee on Bonding – reduced rates
- Insurance or Guarantee on assessment defaults
- Incentives and education for energy independence upgrades
Thank you

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