



*Using less. Doing more.*

# Energy Financing

Daniel Bresette  
Alliance to Save Energy

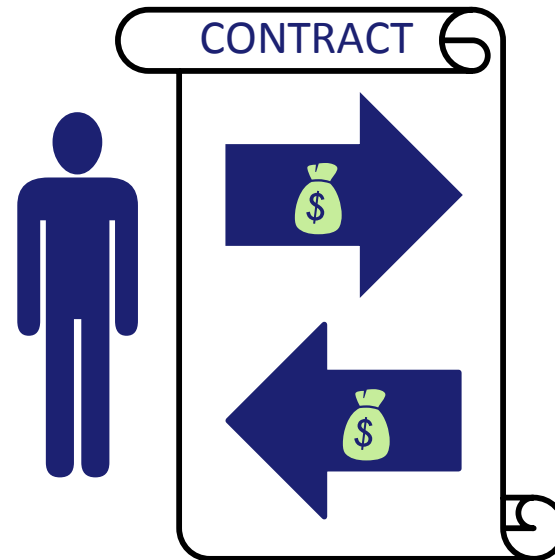
Metropolitan Washington Council of Governments  
Built Environment and Energy Advisory Committee  
Washington, D.C.  
January 21, 2016

# Definition: “Finance”

- Origin; root word: *fin* (i.e., the end)
  - *Finer* (i.e., make an end, settle a debt)
- Current definition: “provide funding for an enterprise”
  - Related contemporary American English words: finish, fine (adj.), fine (n.), finesse, define, and refine

Etymology and definition courtesy of [www.oxforddictionaries.com](http://www.oxforddictionaries.com)

# Basic Transaction



## HAS MONEY

- Capital to lend
- Tolerance for risk
- Patience

## NEEDS MONEY

- Capacity to borrow
- Reasonable risk profile
- Ability to pay

# Business Case

- Establishing, documenting and justifying undeniable need for renewable energy generation, energy efficiency, or (hopefully) both
  - Organizational hurdles
    - Decision-making
    - Dysfunction
  - Financial hurdles
    - Competing priorities
    - Overemphasis on payback

# Common Barriers



Unfavorable terms  
Unacceptable risk  
Uncertainty  
Past performance  
Risk-reward imbalance  
Scarcity  
Regulatory risk  
Unrelated factors  
Legal exposure

*REAL OR PERCEIVED*

# Important Attributes of Energy

- Control of expenses over time
- Investment (optimal) v. waste (dysfunctional)
- Non-financial
  - Comfort
  - Productivity
  - Aesthetics

# Government Interventions

- Aggregation and securitization
  - Scale and attraction
  - Buying power
- Access
  - Property tax lien
  - Utility bill
- Decision-making
  - Overcoming split incentive
  - Path-of-least-resistance

# Government Interventions

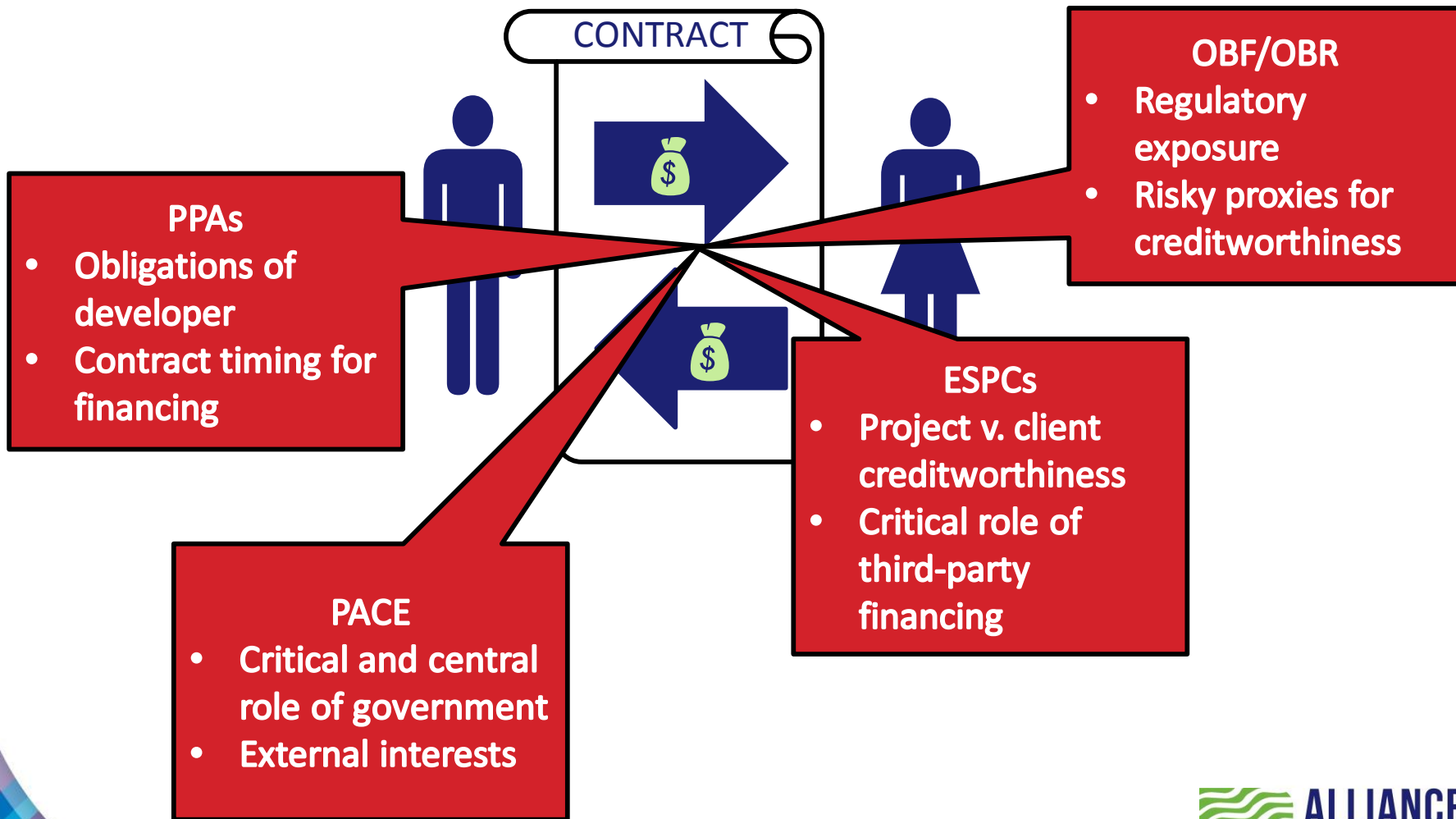
- “Green” Banks
  - Subsidies for underserved sectors
  - Centralization
- Bonds and Debt Financing
  - Very favorable terms
  - Subsidies for particular uses
- Policy drivers
  - Deregulation and decoupling
  - Portfolio and resource standards



# Innovative Mechanisms

- Energy Service Performance Contracts
  - Financing backed by savings guaranty from energy service company
- On-Bill Financing/Repayment
  - Utility-facilitated financing (loan or tariff)
- Power Purchase Agreement
  - Arrangement between generator and customer to sell power at fixed or variable rates
- Property-Assessed Clean Energy
  - Use of property tax lien in secured financing

# Innovation and Complexity



# Observations and Discussion

- What works well?
- What seems to always fail?
- What do we need more of?
- What do we need less of?
- What is most challenging?
- Where is opportunity waiting?



*Using less. Doing more.*

Daniel Bresette

Director of Government Relations

Alliance to Save Energy

[www.ase.org](http://www.ase.org)

[dbresette@ase.org](mailto:dbresette@ase.org)

(202) 530-2235