



Saving Money with Solar: How to sell the CFO

Accounting Day
May 7, 2012

Lee Barken, CPA, LEED-AP
Haskell & White, LLP



The Big Question

What is something
exciting going on in
your world?




3 Things I'm Excited About

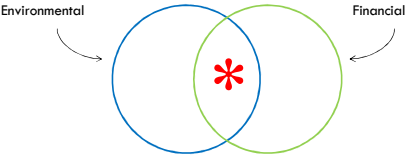
- Solar Hosting
- Commercial PACE
- Solar for Non-Profits






Today's Presentation

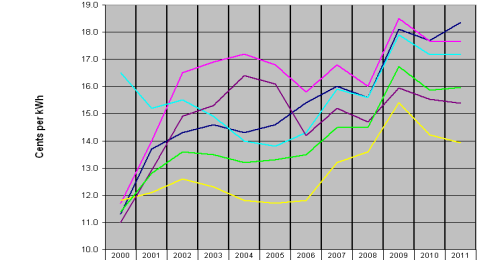
- Financial Benefits AND Environmental Benefits





* Today's Talk

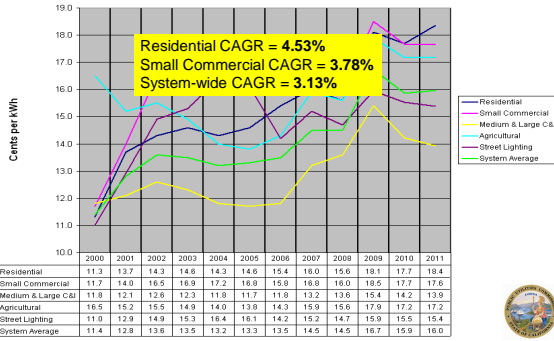
SDG&E Average Bundled Rates by Class: 2000-2011



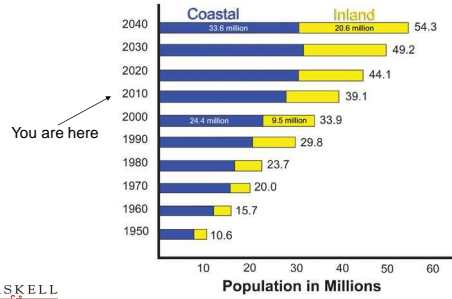
Year	Residential	Small Commercial	Medium & Large C&I	Agricultural	Street Lighting	System Average
2000	11.3	13.7	14.3	14.6	14.3	14.6
2001	11.7	14.0	18.5	18.9	17.2	16.0
2002	11.9	12.1	12.6	12.3	11.6	11.7
2003	11.9	12.1	12.6	12.3	11.6	11.7
2004	11.9	12.1	12.6	12.3	11.6	11.7
2005	11.9	12.1	12.6	12.3	11.6	11.7
2006	11.9	12.1	12.6	12.3	11.6	11.7
2007	11.9	12.1	12.6	12.3	11.6	11.7
2008	11.9	12.1	12.6	12.3	11.6	11.7
2009	11.9	12.1	12.6	12.3	11.6	11.7
2010	11.9	12.1	12.6	12.3	11.6	11.7
2011	11.9	12.1	12.6	12.3	11.6	11.7

SDG&E Average Bundled Rates by Class: 2000-2011



Population Growth



New Power Plants?



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AND NATURAL RESOURCES

Selling the CFO?

- What does it cost to do the project?
- Simple Payback/Break Even Analysis
 - Return on Investment (ROI)/Internal Rate of Return (IRR)
 - Net Present Value

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Selling the CFO?

What is the cost of doing nothing?

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Selling the CFO?

How do we pay for it?

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Solar Hosting



Solar Hosting



Solar Hosting

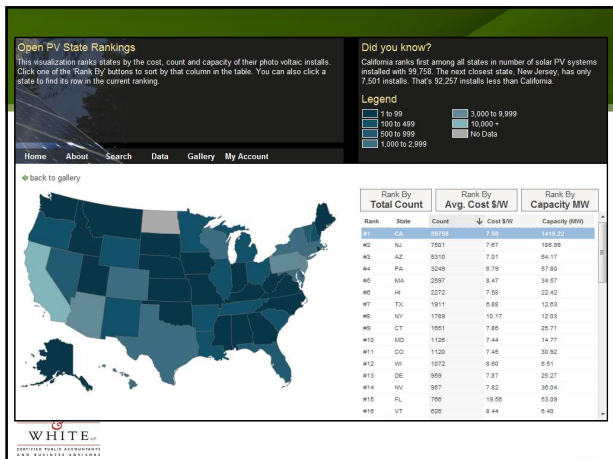


Solar Hosting



Solar Hosting





Solar Hosting

• I want solar, but....

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Solar Hosting

What could go wrong?

- Default Risk?
- Salvage Value?

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Solar Hosting

What could go wrong?

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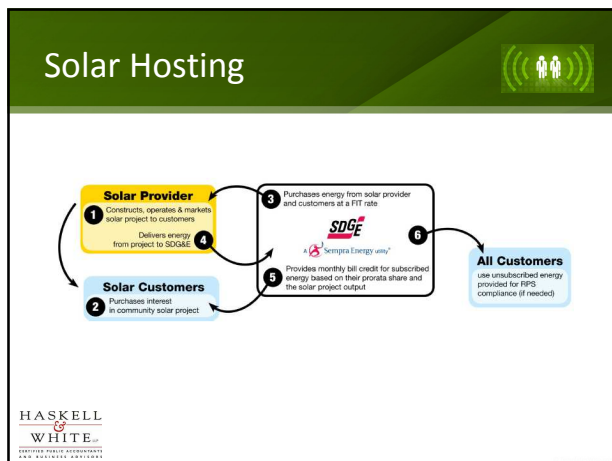
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Solar Hosting

SDGE^{connected}
Sempra Energy utility

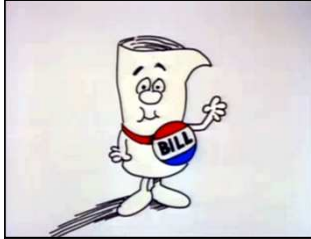
• "Share the Sun"

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Solar Hosting

- SB843



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PACE

Property Assessed Clean Energy (PACE)

- BerkeleyFIRST 2008



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FEDERAL HOUSING FINANCE AGENCY

STATEMENT

For Immediate Release July 6, 2010

Contact: Corinne Russell (202) 414-6621
Stefanie Mullin (202) 414-6376

FHFA Statement on Certain Energy Retrofit Loan Programs

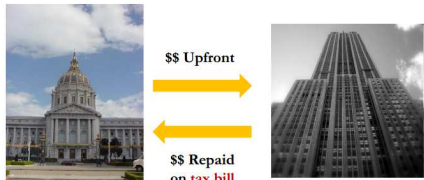
After careful review and over a year of working with federal and state government agencies, the Federal Housing Finance Agency (FHFA) has determined that certain energy retrofit lending programs present significant safety and soundness concerns that must be addressed by Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Specifically, programs denominated as Property Assessed Clean Energy (PACE) seek to foster lending for retrofits of residential or commercial properties through a county or city's tax assessment regime. Under most of these programs, such loans acquire a priority lien over existing mortgages, though certain states have chosen not to adopt such priority positions for their loans.

First liens established by PACE loans are unlike routine tax assessments and pose unusual and difficult risk management challenges for lenders, servicers and mortgage securities investors. The size and duration of PACE loans exceed typical local tax programs and do not have the traditional community benefits associated with taxing initiatives.

FHFA urged state and local governments to reconsider these programs and continues to call for a pause in such programs so concerns can be addressed. First liens for such loans represent a less-alteration of traditional mortgage lending practices. They present significant risk to lenders.

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Commercial PACE



- Creates financing district & approval process
- Provides upfront capital
- Attaches repayment obligation to the building
- Identifies work & chooses contractor
- Repays financing as a line item on the property tax bill
- Repayment obligation transfers with ownership

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Commercial PACE

Property Type	Examples
Multi-family (greater than 4 units)	• Condominiums • Apartment complexes
Commercial	• Office buildings • Malls • Gas stations • Restaurants
Industrial	• Factories • Warehouses • Computer chip manufacturers

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Commercial PACE

Eligible Measures

- Generally, packages of energy improvements should be deemed cost effective by an audit. Energy efficiency, water efficiency and renewable energy improvements may be eligible for Commercial PACE financing

Measure Type	Examples
Energy Efficiency	<ul style="list-style-type: none"> •Energy management systems •Insulation & air sealing •HVAC systems •Boilers & furnaces •Lighting •Energy recovery & redistribution systems •Motors & drives
Water Efficiency	<ul style="list-style-type: none"> •Greywater systems •High efficiency toilets •Waterless urinals
Renewable Energy	<ul style="list-style-type: none"> •Solar hot water •Solar photovoltaics

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Solar for Non-Profits

- 30% Investment Tax Credit
- Bonus Depreciation
- Accelerated Depreciation



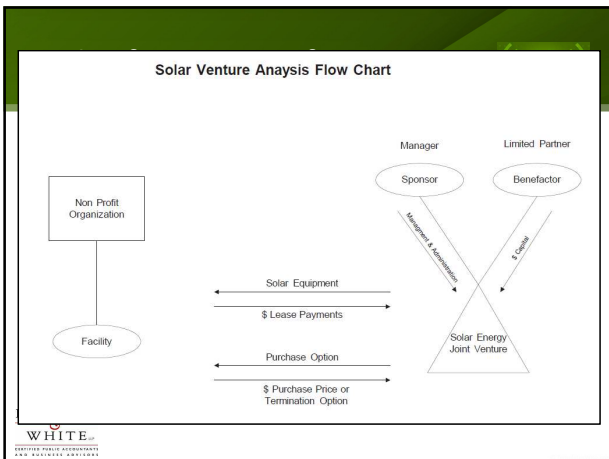
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Solar for Non-Profits

Treasury 1603 Cash Grant in Lieu of Tax Credit

- Asset Must "Begin Construction" by 12/31/11
- Accountant Certification > \$500k
- 60 days
- As of 3/13/12:
 - 5,529 projects
 - \$11,012,886,778

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Solar for Non-Profits

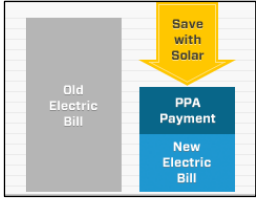
Power Purchase Agreement (PPA)




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Solar for Non-Profits 

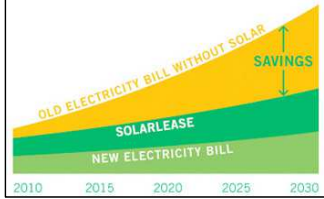
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Questions? 

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