

GREEN BANK NETWORK

WEBINAR SERIES

***SAVING TAXPAYERS MONEY THROUGH
PUBLIC CLEAN ENERGY PROJECTS***

13 December 2017

Featuring: Jeff Diehl, Rhode Island Infrastructure Bank

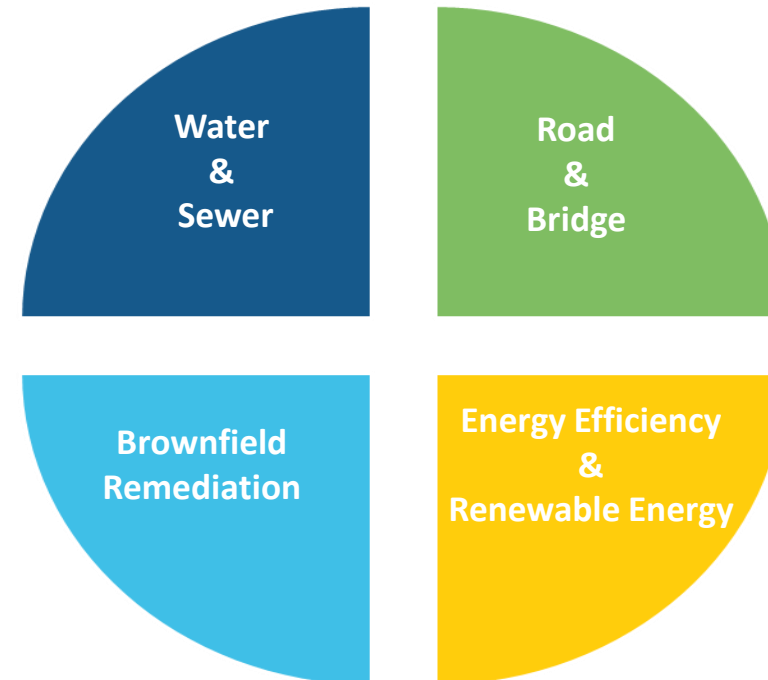


Saving Taxpayers Money Through Public Clean Energy Projects



Rhode Island Infrastructure Bank

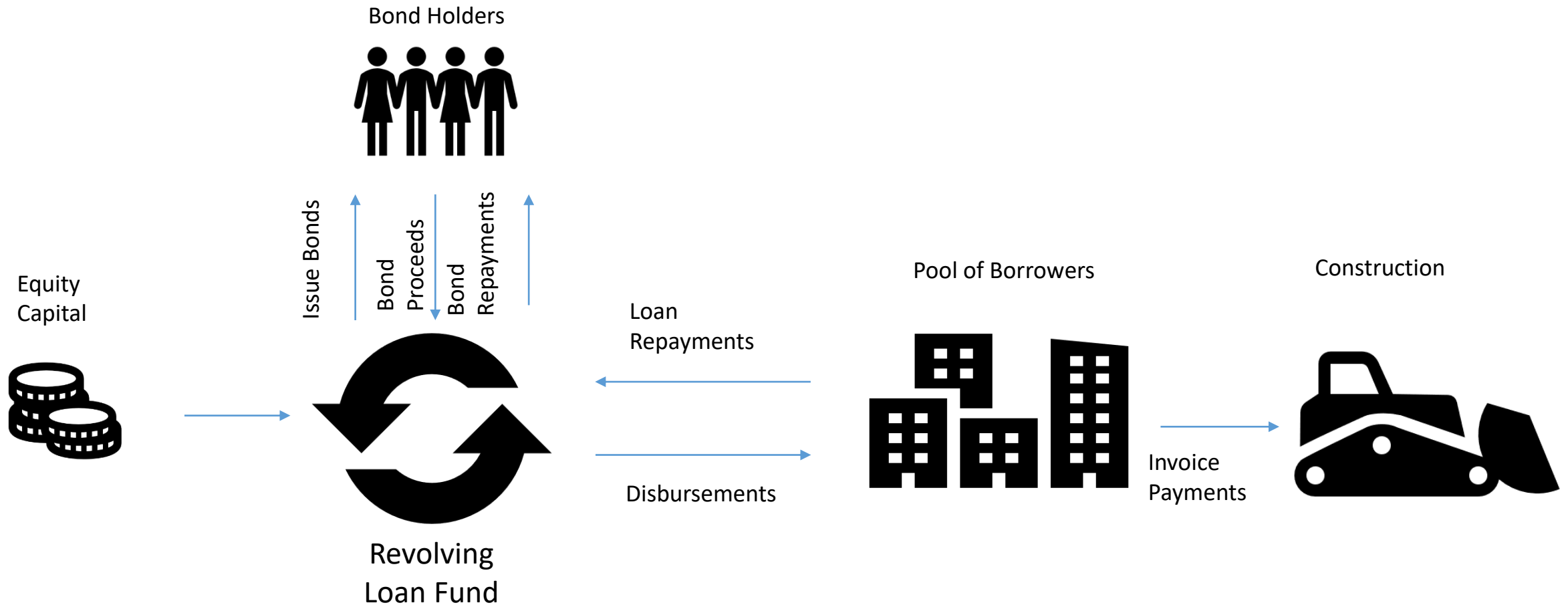
- Rhode Island Infrastructure Bank (RIIB) is a quasi-state agency that manages investments in local infrastructure
- We mobilize private sector funds combined with institutional capital to provide lower than market finance



RIIB Business Model

- RIIB's business model is to leverage limited public sources of capital in the private capital markets to the greatest extent possible
- RIIB combines a number of smaller infrastructure loans into a “pool” and finance the larger pool
- RIIB issues bonds or borrows in the bank market, on a tax-exempt basis, to achieve the lowest cost of funds
- RIIB's investments are prioritized based on a project priority list developed transparently by State department partners

Revolving Loan Fund Model



Clean Energy Financing Portfolio

- Municipal, State Colleges and Quasi-State Entities
 - Efficient Buildings Fund
 - Clean Water Revolving Loan Fund
 - Drinking Water Revolving Loan Fund
- Commercial Properties
 - Commercial Property Assessed Clean Energy
- Residential Properties
 - Residential Property Assessed Clean Energy – In development for 2018

State Goals



Lead by Example: 10% reduction by FY19 of FY14 energy consumption levels

1,000 MW by 2020: Installation of 1,000 MW of renewable energy in RI by 2020

Clean Energy Jobs: 20,000 clean energy jobs by 2020

What challenges are our local governments facing?

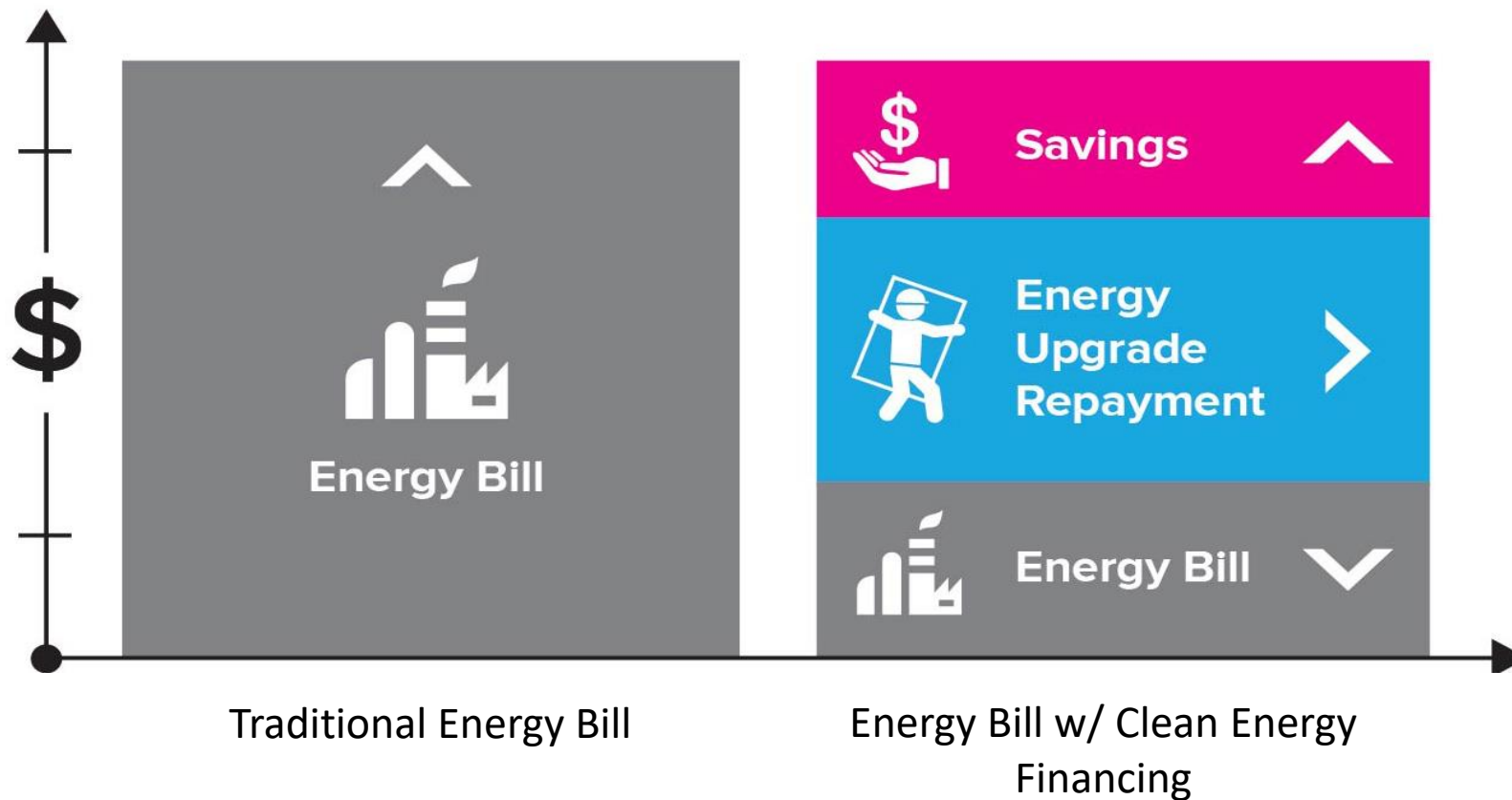
- Local governments have old, uncomfortable, inefficient buildings
- Tight local budgets and competing interests for funding
- Deferred maintenance



Efficient Buildings Fund

Financing program for municipalities, school districts, quasi-state entities and public colleges that take what was once a capital expenditure and turn it into a cash-flow positive investment that lowers operating costs, improves comfort, and saves taxpayers money.

Clean Energy Financing Approach



How Efficient Buildings Fund Works

Municipalities, school districts, quasi-state entities and public colleges can use it



To design a cash-flow positive investment that pays for itself



With all kinds of energy upgrades.



How Efficient Buildings Fund Works

Below market rate financing



Energy and maintenance savings are greater than annual debt service



Saves taxpayers and governments money



How are applications prioritized for financing?

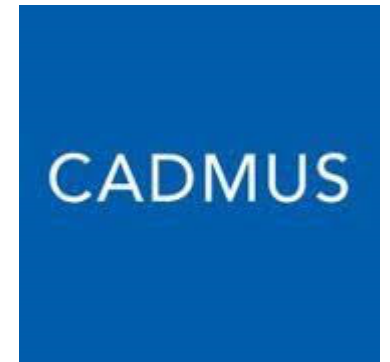
- To achieve a reduction in baseline energy usage greater than 20%
- Comprehensiveness – electric and heating / cooling
- Installation of renewable energy measures
 - Energy output (kwh)
 - Price per watt installed
- Readiness to proceed



Efficient Buildings Fund Technical Assistance

- Free energy audits
- Free consultant support to understand building energy intensity and investment opportunities
- Procurement assistance

nationalgrid

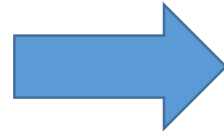


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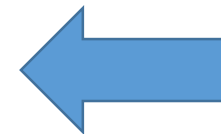
Efficient Buildings Fund Reporting Requirements

- Municipality wide strategic energy management plan with energy use reduction goals
- Energy use and baseline information for 5 years post project completion
- Renewable energy dashboards
- Annual audited financial statements

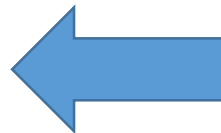
EBF Transaction Process



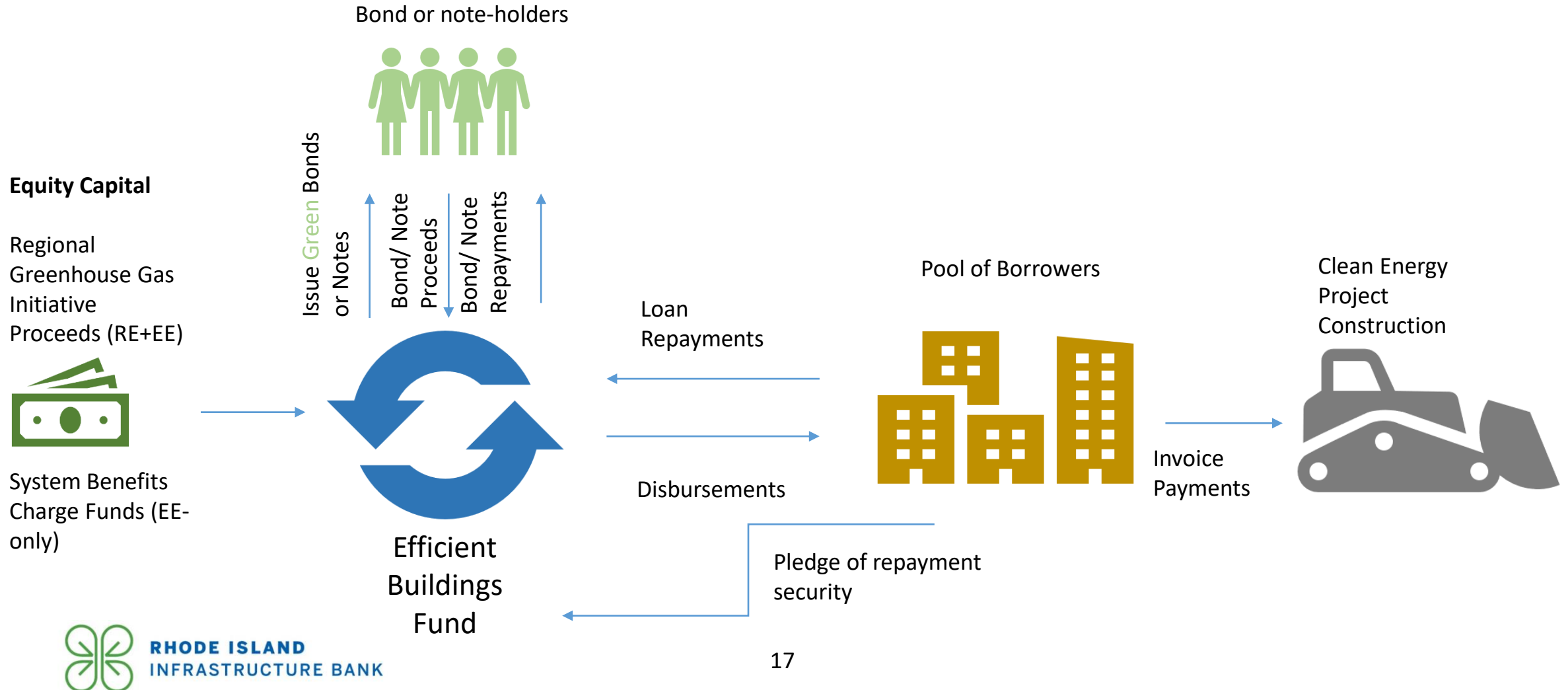
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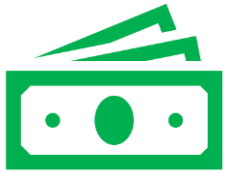
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Efficient Buildings Fund Structure



Results



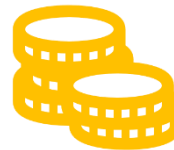
\$28.1 mm in project finance (55% EE / 45% RE)



Investments in 10 municipalities and 35 buildings



473 direct / indirect jobs



\$30 mm in net savings after debt service over projects' useful lives



GHG emission reduction equivalent to 26 mm miles driven by the average passenger car per year



Energy saved equivalent to energy consumption of 1,200 RI households

Project Highlights

Dexter Street Garage – Providence

- Municipal vehicle garage
- Installed ambient heating system, programmable thermostats and new boilers
- 27% reduction in energy and maintenance costs
- Improved working environment

Edgewood Highlands School - Cranston

- Elementary school built in 1960s
 - One zone heating and cooling
- HVAC, controls, VFDs, LEDs
- Reduction in operating costs by over 40%
- Better teaching and learning environment for students and teachers

Lessons Learned

- Energy audits and non-agenda driven procurement assistance highly valuable to drive demand
- Although clean energy projects save money, it is still debt financed
 - Cannot secure savings to repay a loan, impacts local budgets
- Bundled improvements - LED lighting combined with longer payback improvements ideal for cash-flow positive projects
- Monetization of ITC, MACRS for public renewable projects difficult in this structure

Thank You

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