



Introduction

- **MA leads the nation in driving energy efficiency**
 - PAs are investing \$1.2B in 2011-2012 to drive significant energy efficiency savings
 - We anticipate another \$500MM - \$700MM in customer investments
- **Massachusetts PAs and Lenders have launched the most extensive energy efficiency financing program in the nation covering the following sectors:**
 - Residential – Owner Occupied & Non-Owner Occupied (Landlord)
 - Commercial & Industrial
 - Multi-Family & Residential Complexes
 - Non-Profits
 - Municipal (Phase II launch)
- **New Mass Save Financing program allows for:**
 - Expansion of energy efficiency financing to multiple segments
 - Common application with streamlined process through all Lenders
 - Competitive underwriting guidelines to allow greater accessibility



Core Program Elements

Component	Mass Save [®] Financing
Eligible Customer	Residential (Owner Occupied & Landlord), C&I (incl. Multi-Family & Large Residential Complexes, Non-Profits)
Loan Purpose	Energy Efficiency Upgrades only; cross-selling & packaging of other financial products is allowed
Customer Interest Rate	0.00% (Interest-free)
Funding Entity	Principal (3 rd Party Lender); Interest (buy-down by PA)*
Loan Amount	Varies by loan product
Term	Varies by loan product

*Interest buy-down payment is a component of the total incentive package provided to the customer



Product Matrix – Phase I Launch

Sector	Product	Min Loan Amt	Max Loan Amt	Max Term (mo)
Owner Occupied Residential (1-4 units)	Micro	\$500	\$2,000	24
	Standard	\$2,001	\$15,000	84
	Extended	\$15,001	\$25,000	84
Non-Owner Occupied Residential (1-4 units)	Standard	\$5,000	\$25,000	84
C&I, Multi-family (5+ units), Non-Profits	Standard	\$5,000	\$25,000	84
	Large	\$25,001	\$100,000	84

Note:

1. Interest rate charged to customer will be 0.00%. Utility to pre-pay interest expense when loan appropriated.



Mass Save C&I Financing Example

Total Project Cost:	\$ 145,000	kWh Savings:	300,000
PA Incentive:	<u>\$ 58,000</u>	Monthly Savings*:	\$ 3,750
Net Customer Cost:	\$ 87,000	Annual Savings*:	\$ 45,000

No Financing

Customer Initial Outlay:	\$ 87,000
Monthly Savings:	\$ 3,750
Monthly Payments:	\$ 0

- Customer pays full customer contribution out of pocket
- Customer experiences full savings from day 1

Financing – 36 months

Customer Initial Outlay:	\$ 0
PA Loan Subsidy:	\$ 7,900
PA Incentive:	<u>\$ 50,100</u>
Total PA Incentive:	\$ 58,000
Net Customer Cost:	\$ 94,900
Monthly Savings:	\$ 3,750
Monthly Payments:	<u>\$ 2,400</u>
Financing Period Cash Flow:	\$ 1,350

- Customer finances customer contribution
- Customer pays only principle amount
- Energy savings pay for finance cost
- No initial outlay required
- No additional monthly outlay required

* Savings assumes \$0.15/kWh saved

C&I Process Review



C&I Loan Process (Abbreviated)

1

Customer submits EE application with
pre-approval letter from Lender for financing



PA accepts application and assess project; PA provides
Customer with **C&I Loan Subsidy Authorization Form**



Customer seeks final approval from Lender;
Lender notifies PA whether loan is approved



Assumes Lender approves loan

Project commences; post inspection is
performed when project finishes



Assumes work qualifies

Customer submits final costs to Lender & PA.
PA notifies Lender post inspection approved.
Two-party check made in name of Contractor.



Lender gives check(s) to Customer*
Customer signs check over to Contractor



2

Utility pre-pays interest to Lender
once loan appropriated; PA releases
Incentive to Customer

* Two-party check requirement may be waived at PA's request.

Frequently Asked Questions





FAQ – Mass Save Financing vs. Direct Install Loan Program

Q. Is the Mass Save C&I Financing replacing the Direct Install Loan Program for small business customers?

A. No. The Direct Install Loan Program is still available for Direct Install projects. Mass Save Financing is available for non-Direct Install C&I projects.



FAQ - Eligibility

Q. What is eligibility based on in order for a C&I customer to participate in the Mass Save Financing Program?

A. C&I customers must have their project proposal approved by their Program Administrator and have received a Mass Save C&I Loan Subsidy Authorization Form.



FAQ – Performance Contract

Q. Is there a Performance Contract requirement?

A. No. Mass Save financing is available without a performance contract.



FAQ – Tenants vs. Landlords

Q. Can a Mass Save loan be granted to a tenant (Residential or C&I)?

A. Financing may be available to C&I tenants depending on their lease agreement.



FAQ – Alternative use of Mass Save Financing

Q. Do alternative energy systems count for this program? Are solar panels and related equipment included?

A. No. Financing is only available for energy efficiency projects. However, certain solar water heaters are included.



FAQ – Electric municipal customers

Q. Which municipalities are not eligible to participate? Can non-eligible electric municipal customers participate?

A. Electric municipal customers are unable to participate through their electric provider. Non-eligible electric municipal customers can participate in the Mass Save Financing Program through a participating gas utility for gas measures only. Participating gas utilities include:

Columbia Gas of Massachusetts

National Grid Gas

New England Gas Company

NSTAR Gas

Unitil Gas



FAQ – Lender’s role

Q. Is the Lender servicing the loan, billing, taking in payments and remitting?

A. The third party Lender is providing the loan to the customer. The Lender will be servicing the loan, billing and taking in payments/remitting.



FAQ – Interest buy down

Q. What are the mechanics of the interest buy down?

A. The PA's will pay the Lender the full interest expense up to a maximum amount equivalent of providing the customer a 0% (interest-free) loan. The interest buy down subsidy is a component of the total incentive provided to a Customer. The interest subsidy is paid by the PA once the Lender appropriates the loan to the Customer.



FAQ – Getting Started

Q. What should I do if my Customer is interested in the Mass Save Financing Program?

A. Have the Customer visit the www.masssave.org website to obtain a list of the participating Lenders. Upon selecting a Lender, the customer should seek a pre-approval letter for their project.