



# ALABAMA **SAVES**™

*Sustainable and Verifiable Energy Savings*



## **Energy Huntsville Meeting**

*June 21, 2012*



# ADECA

Alabama Department of Economic and Community Affairs

## Energy Division



# Agenda



We will answer the following questions today:

- What is AlabamaSAVES?
- Why was it established?
- Who is Abundant Power?

## **AlabamaSAVES™**

- How can it help you?
- What can be financed?
- What is the success to date?
- What are some example projects?
- What are the program steps?
- How to proceed?

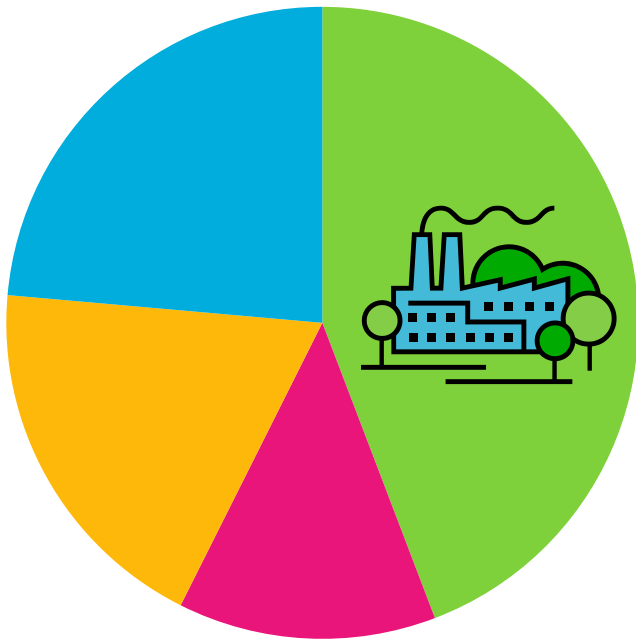
## **EPx™**

- How can it help you?
- What is the Program?
- What do we invest in?

# The Need



## Energy Consumption in Alabama



- Industrial
- Commercial
- Residential
- Transportation



# Program Goals



ENERGY SAVINGS



SUSTAINABLE  
BUSINESSES



JOB CREATION

# Program Overview

- Capitalized with \$25M of ARRA SEP funds
- Credit enhancements w/private lender partners
- \$60M total financing pool
- Loan range: \$50,000 - \$4,000,000
- Interest rates as low as 1%
- Eligible applicants : Private companies that own or operate existing commercial, industrial, or institutional facilities in Alabama
- Program administered by Abundant Power Solutions

# Abundant Power Solutions (APS)



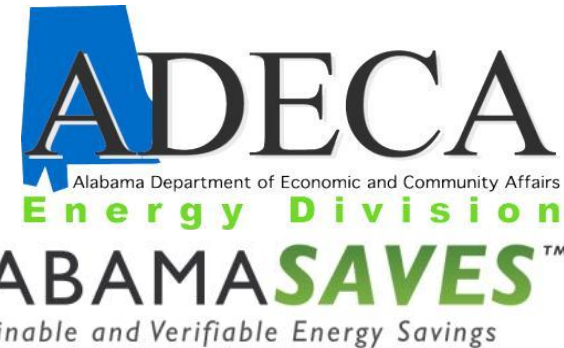
Energy Efficiency Made Possible.

◆ Sustainability ◆ Improved property value ◆ Better margins

ABUNDANTPOWER.COM

APS focuses on the needs of energy efficiency financing programs nationwide, enabling over **\$300M** in renewables and energy efficiency implementation.

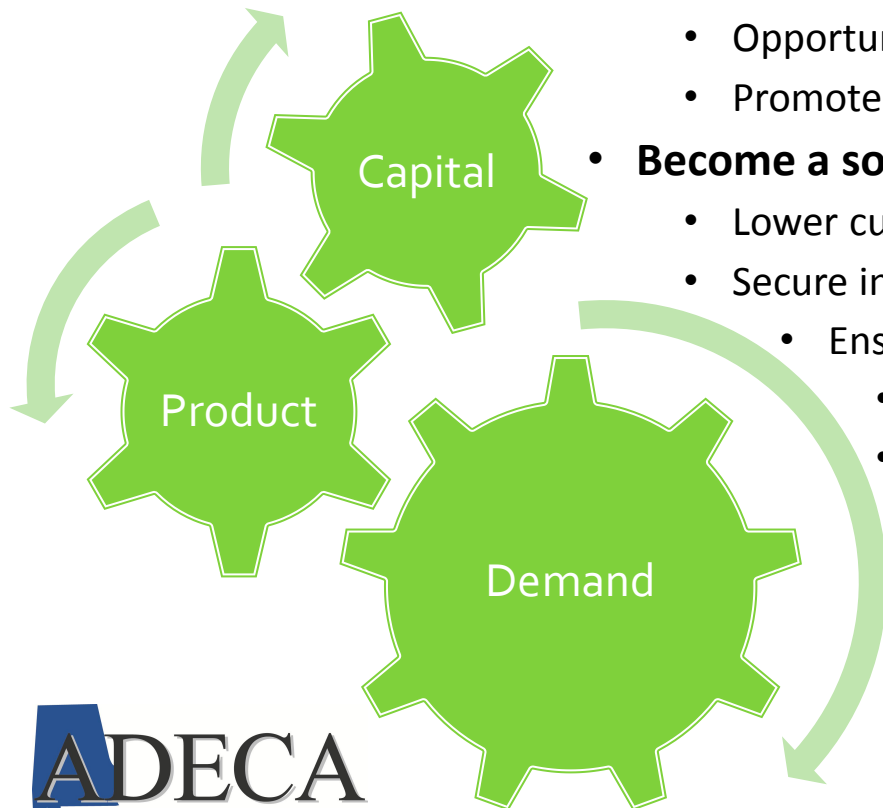
- Primary clients are state and local governments to develop finance programs as well as building owners to deploy capital.
- We bring unique services to this emerging space:
  - Financial Program Design
  - Program Marketing, Training, and Implementation
  - Loan Administration and Advisory
  - Energy Loan Underwriting
  - Energy Service and Financial Partner Development
  - The APS senior management team comes from relevant parallel industries in capital markets, loan origination and underwriting, consumer finance and energy engineering.



# AlabamaSAVES™ Program

How does AlabamaSAVES™ help Contractors, Engineers, Architects, Vendors, Consultants, Lenders, Property Managers and Owners, ?

- **EE Financing is a value add to building owners.**
  - Opportunity to reduce utilities and expenses.
  - Promote sustainability and corporate responsibility.
- **Become a solutions provider to finance energy efficiency.**
  - Lower customer cost.
  - Secure internal approval for your EE project.
    - Ensure projects are executed.
      - Expand scope due to financial offering.
      - Provide a 10% loan loss reserve for lenders.
- **APS helps Alabama Service Providers:**
  - Sell the Program and energy efficiency retrofits.
  - Expand their business utilizing AL Saves.
  - Can assist w/ utility bill analysis.





# AlabamaSAVES™ Program



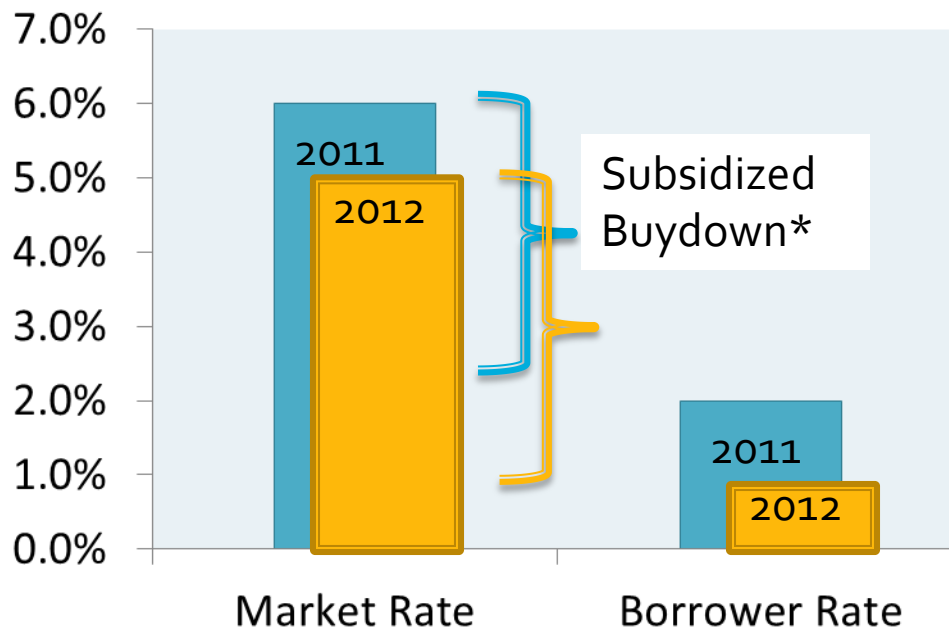
## Prescribed Elements:

- Min Loan Size:** ~~\$250,000~~ **\$50,000**
- Max Loan Size:** **\$4,000,000**
- Interest Rate:** ~~2%~~ **1%** per annum, fixed, to borrower
- Finance Options:** Up to ~~90%~~ **100%** of cost of improvement
- Eligible Projects:** Energy Efficiency Retrofits / Renewable Energy Installations with better than a **10 year simple payback OR meets ASHRAE 90.1 2007.**
- Eligible Borrowers:** Any owner/tenant of existing **Commercial, Industrial, Private, Non-profit facilities in the state of Alabama.**
- Loan Security:** Security for each loan may include, on a case-by-case basis,  
(i) any payment obligations of the borrower,  
(ii) the collateral value of the improvements,  
(iii) any additional security interest and/or pledge provided by the borrower, including without limitation cash collateral and/or parent guarantees.
- Program Goals:** **Support local business growth statewide, lead clean energy solutions, reduce energy costs, create jobs.**

# AlabamaSAVES™ Program

## SUBSIDIZED LOAN

The AlabamaSAVES™ program enables borrowers to utilize their existing lender and buydown their interest rate up to 500 basis points via ‘credit enhancements’, direct monetary subsidies funded through the American Recovery and Reinvestment Act.



\* Max buydown  
of 500 basis pts

# AlabamaSAVES™ Program



## AVAILABLE FUNDING

**\$12M**  
*Leveraged*

**\$5M**  
*Direct*

**\$49M**  
*Total*

Application Fees	Project Size	Fee
	\$50K-\$249,999	\$ 500
	\$250K-\$4M	\$ 1,000
Provided w Loan Application		

### Subsidized Loan (max buydown of 500 basis points)

Term	10	7	6	5	3
Estimated Effective Rate	1.21%	1.24%	1.30%	1.36%	1.61%
1% Interest Rate, 1.75% Program Origination Fee					

### Direct Loan

Term	10	7	6	5	3
Estimated Effective Rate	1.50%	1.67%	1.76%	1.89%	2.44%
1% Interest Rate, 3% Program Origination Fee					

The **AlabamaSAVES™** program enables businesses to secure direct loans at 1% interest when a subsidized loan is not an option. Reasonable and customary legal closing costs to be expected.

# AlabamaSAVES™ Program



## SUBSIDIZED LOAN EXAMPLE

Project Total: \$600,000    *Origination Fee can be included in Borrowed Amount.*

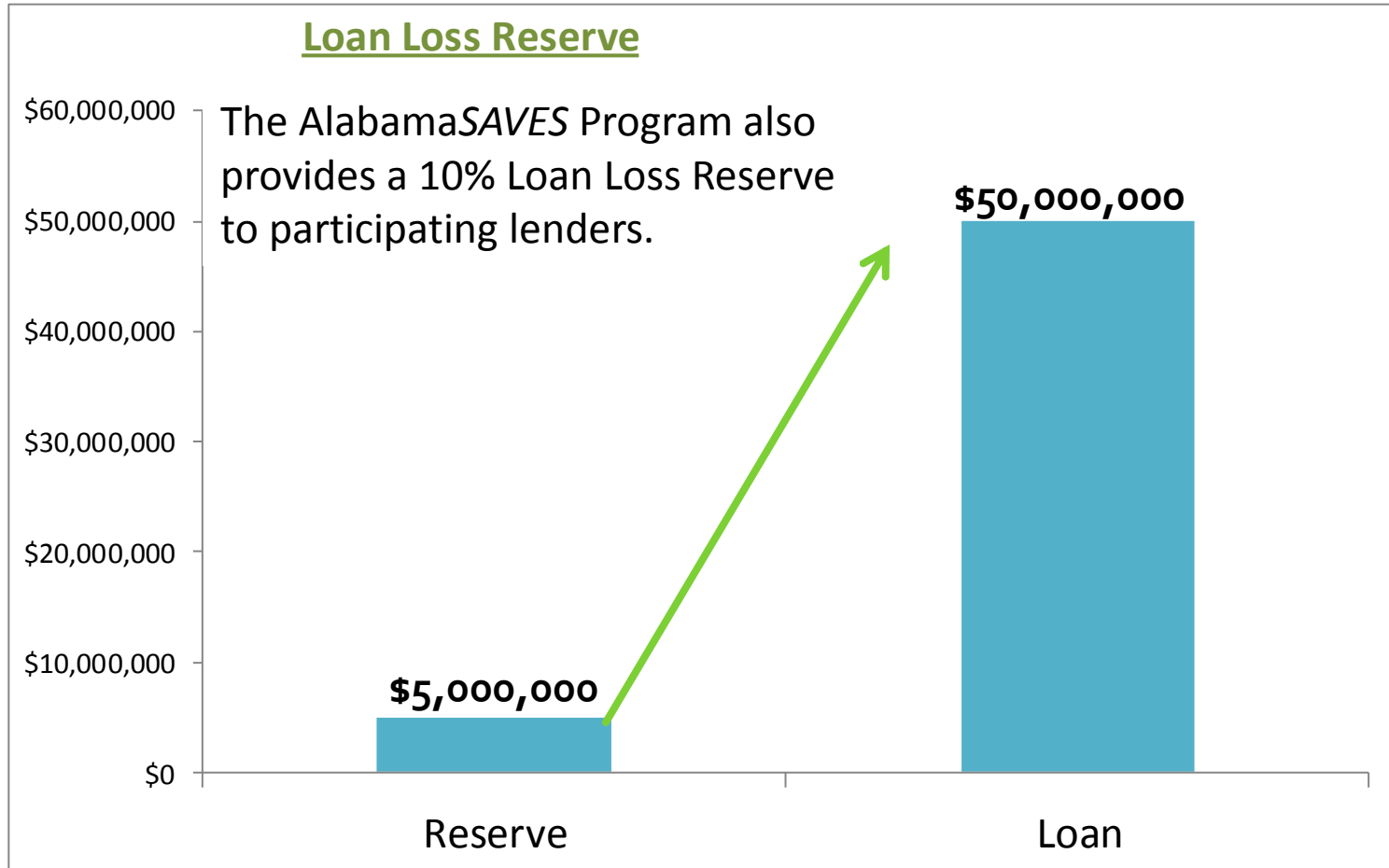
Term	Base Lending Rate	Program Interest Rate	Loan Size	Interest Rate Buydown Payment
5.0	4.5%	2.0%	\$610,500	\$35,104
5.0	4.5%	1.0%	\$610,500	\$49,145
7.0	5.5%	1.0%	\$610,500	\$63,187

Buydown +



10% Loan Loss Reserve to participating lenders.

# AlabamaSAVES™ Program



# What can be financed?



## Eligible Projects

Program loan funds may be used to purchase and install:

- Energy-efficient fixtures and retrofits which may include:
  - Mechanical systems and components including HVAC and hot water,
  - Electrical systems and components including lighting and energy management systems,
  - Doors, windows, insulation,
  - Refrigeration
  - Combined heat and power
- Renewable energy systems may employ:
  - Solar, biomass, biofuels, geothermal, micro-hydroelectric, methane capture, fuel cell technologies.

As well as associated engineering and closing costs.

Program funding is for retrofits of existing properties and **NOT** for new construction of buildings and factories.

# AlabamaSAVES™ Success



- **Nearly 12MM loans in process with a variety of structures:**
  - Direct loans through ADECA “direct” funds.
  - Leveraged loan closed with full loan loss reserve and interest rate buydown.
  - Banking partner loan closed with interest rate buy down only – loss reserve declined.
- **Pipeline of deals in various stages of development**
  - Strong pipeline going into 2012.
  - Direct loan approved contingent on personal guarantee.
  - Existing lender relationships most favorable to credit enhancement benefits.

2011	Loan Volume				
# Loans	Total	Direct	Subsidized	IRB	LLR
4	\$4,256,926.50	\$2,390,612.50	\$1,866,314.00	\$146,649.00	\$186,631.40
<i>Projected 2012</i>	Loan Volume				
# Loans	Total	Direct	Subsidized	IRB	LLR
15	\$9,414,559.78	\$5,257,649.00	\$4,156,910.78	\$476,497.14	\$355,191.08

# Success Example



## CASE STUDY: Sawmill Company and HQ

	Energy Efficiency Measures (EEMs)	Source	Project Cost (\$)	Estimated Electrical Savings (kWh/Yr)	Estimated Utility Savings (\$/Yr)	Maintenance Savings/ Capital Expenditure Avoidance (\$/Yr)	Estimated Total Savings (\$/Yr)	Estimated Simple Payback (Yrs)
CORPORATE HEADQUARTERS	T-12 Lamp and Ballast + Track Lighting + Exec Wing Specialty Lighting Upgrade	DP	\$ 107,241.20	374,371	\$ 25,082.82	\$ 2,505.23	\$ 27,588.05	3.89
	Illuminer Fluorescent Lighting Controller	GEES	\$ 33,856.00	125,790	\$ 8,440.49		\$ 8,440.49	4.01
	SG220 Window Film + Corridor Sealing	Enpro	\$ 93,196.77	229,478	\$ 15,375.00		\$ 15,375.00	6.06
MFG PLANT	Metal Halide + T-12 + Flood + Wallpack Lighting Upgrade	DP	\$ 583,159.78	2,470,068	\$ 123,503.39	\$ 22,999.91	\$ 146,503.30	3.98
	Power Factor Correction	GEES	\$ 523,860.50	1,655,480	\$ 116,214.37		\$ 116,214.37	4.51
	Submetering Utilization	McGavran	\$ 12,000.00	100,000	\$ 5,000.00	\$ 50,000.00	\$ 55,000.00	0.22
HQ INTEGRATED EEMs			<b>\$234,293.97</b>	<b>729,637.79</b>	<b>\$48,898.31</b>	<b>\$2,505.23</b>	<b>\$51,403.54</b>	<b>4.56</b>
PLANT INTEGRATED EEMs			<b>\$1,119,020.28</b>	<b>4,225,547.92</b>	<b>\$244,717.76</b>	<b>\$72,999.91</b>	<b>\$317,717.67</b>	<b>3.52</b>

**\$1.4MM Loan - 25% savings in Headquarters, 12% savings in Mill**





# Success Example



**CASE STUDY: Sawmill Company - SUBSIDIZED**

**Energy Efficiency Lighting Upgrade for Sawmill**

**Energy Savings: \$137,625**

**Simple Payback: 3.7 yrs**

**Increase in Lighting Levels: 44-79%**



**BEFORE**



**AFTER**

# Success Example

## CASE STUDY: Candlewick Yarns, The Dixie Group - \$2.3M DIRECT LOAN

- Lighting Retrofit
  - New Air Compressor
  - Power Factor Correction
  - New Efficient Boiler
    - Annual savings \$54,000/yr
  - New controls for chilled water system
  - New Heat Treating Tunnel
    - Increased production capacity by 330%
    - 70% decrease in steam consumption
    - 20% less electricity use
- All achieved Payback < 3 Yr



While providing capability for production to increase to 24/7

# Success Example

## CASE STUDY: **Mobile Medical Office Building – DIRECT LOAN**

### Scope of Work Description

Building Automation System Replacement & Optimization

Air Handling Systems Improvements & Repairs

Lobby Space HVAC System Replacement

Lighting System Technology Upgrades

Engineering Fees

Testing, Adjusting, Balancing

Basic HVAC Systems Commissioning

Window Film

Doors

Project Contingency

**TOTAL PROJECT COST \$ 500,000**

**ANNUAL UTILITIES \$ 345,000**

**SIMPLE PAYBACK 4-5.8yrs (25-35% savings)**

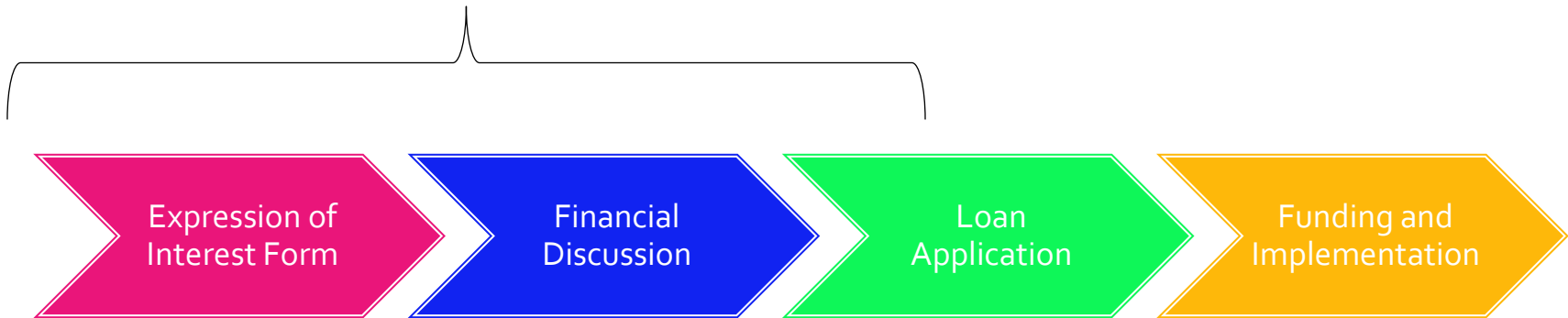


# AlabamaSAVES™ Program Steps



The AlabamaSAVES™ program was redesigned in early 2012:

Energy Assessment Review



Allows for the collection of basic project information.

Consultation on financing and next steps.

Formalizes the request for a subsidy or direct loan. The application fee is \$500 for projects less than \$250K and \$1,000 for larger projects.

GO TO: [www.alabamasaves.com](http://www.alabamasaves.com)



# How to Proceed

## Utility Data Release

By signing below, you are hereby authorizing the utility providers listed below to release billing history, utility consumption history, and other data associated with the below listed account numbers. This data

AlabamaSAVES™ and its partners solely for the purposes of technical and credit training to subsidized financing supported by AlabamaSAVES™. By signing below, you authorize AlabamaSAVES™ to access data up to 3 years prior to the date of this form.

is issued or subsidized through AlabamaSAVES™ for energy efficiency and/or upgrades on the property associated with the listed utility accounts, you authorize AlabamaSAVES™ to access the same data going forward for the full term of the loan.

### Expression of Interest

Date: \_\_\_\_\_ Borrower (Facility Owner and/or Lessee): \_\_\_\_\_

Borrower Representative: \_\_\_\_\_ Phone #: \_\_\_\_\_

Role w/in Company: \_\_\_\_\_ Email: \_\_\_\_\_

The purpose of this Expression of Interest is to enable AlabamaSAVES™, LLC ("AlabamaSAVES™") to evaluate the project and determine if the owner or lessee of the property understands your project and materials and is willing to participate in the AlabamaSAVES™ energy upgrade loan program.

**WHEN YOU HAVE A PROJECT,  
COMPLETE and SUBMIT:  
EXPRESSION OF INTEREST FORM**

Signature of Borrower Representative: \_\_\_\_\_

Property Address (include additional properties on separate sheets):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Description of Property (size, age, and use of facility):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Electricity, Natural Gas, Fuel Oil, Other): \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Tax ID#: \_\_\_\_\_

Authorized Account Holder: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
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\_\_\_\_\_  
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Tax ID#: \_\_\_\_\_

Authorized Account Holder: \_\_\_\_\_

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\_\_\_\_\_  
\_\_\_\_\_

And copy of  
most recent  
affected bills



# How to Proceed

## Supplemental Information

Please describe any special conditions or specific energy upgrades you are seeking to finance through AlabamaSAVES™ (please attach any studies, vendor proposals, or survey information already performed at this site that may be relevant to performing energy upgrades at the facility):


## ENERGY ASSESSMENT SHOULD INCLUDE

Studies, Vendor Proposals, Survey Info

**Project Description**

Before, After

**Project Cost**

(\$)

**Documentation on rationale of:**

**Annual Energy Savings**

(\$, kWh, therms)

**Utility Rate**

(\$/kWh, \$/therm, \$/gal)

**Assumptions**

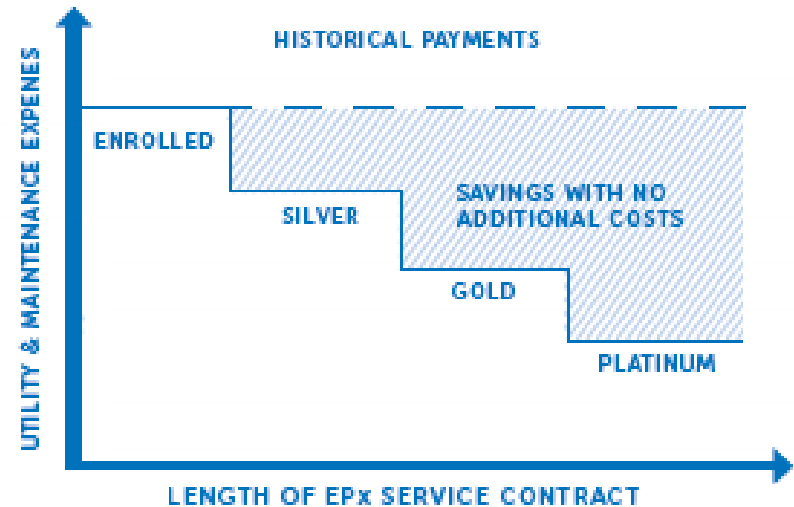
(run hours, occupancy, efficiencies, % saved, ect.)

# Another Program Option: EPx™ - Energy Management Services Agreement



## CUSTOMER OFFER:

- No Debt, No Risk
- Increased Property Value
  - Lower OpEx
  - Higher NOI
  - Higher Cap Value
- Outsourced Energy Management
- Corporate Sustainability
- Comfort/IAQ
- Extended Equipment Life
- LEED EB O&M Points



**5 YR SERVICE AGREEMENT AT NO COST**  
*Self-financing payment stream*



# EPx™ – Energy Management Services Agreement

## WHAT IS EPx?

- High impact energy efficiency upgrades/retrofits to underperforming facilities
- 5-year Service contract – no upfront costs or debt to customer
- Facility upgrade investments are recovered through savings
- Customer's utility bills are replaced with a single energy payment to EPx™ based on historical utility bill costs (adjusted for rate, weather, use and occupancy)
- Cloud-based monitoring and improvement technology managed by EPx™ ensures continuous energy efficiency

### *Financing energy efficiency upgrades and ongoing energy performance*

- Meet sustainability goals
- Improve property values
- Increase operating margins





# EPx<sup>TM</sup> – What do we invest in?



## SCOPE OF UPGRADES:

- 24-hour energy monitoring and control services
- HVAC and lighting control upgrades
- Retro/continuous commissioning (engineered “tune-up”)
- Optional demand response participation (smart grid integration)
- Select water efficiency improvements

## TARGET MARKETS:

- Commercial buildings and/or privately owned Universities, Schools and Hospitals
- Owner-occupied, single tenant, or multi-tenant
- ENERGY STAR score < 60
- Broad range of credit quality considered

# EPx™ : Benefits (At No Cost!)



## FINANCIAL

- *No debt or performance risk to property owner*
- *Enhanced cash flow through shared savings dividend to customer*
- *Lower long-term operating costs / enhanced property value*
- *Reduction in capital expenditures (extended equipment life)*
- *No upfront fees or ongoing interest costs to property owner*

## IMPROVED BUILDING ENERGY PERFORMANCE

- *Registered Professional Engineers provide continuous monitoring and commissioning*
- *ENERGY STAR performance rating provided and improved annually – validates improved NOI – Helps meet sustainability goals*
- *Energy audit and retro-commissioning included*
- *Comfort and indoor air quality improved*
- *Attractive to tenants – enhanced leasing and retention rates*
- *LEED EB O&M Points*

# *For more information...*



[www.alabamasaves.com](http://www.alabamasaves.com)

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