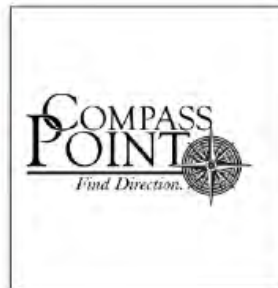




# CAPturing the Power of the Sun



## Why should Community Action Agencies get into the solar business?



*What we did and why we did it:*

- Spiraling utility costs
- The servicing of our community
- The underserved solar market opportunity
- Environmental responsibility
- This is the evolution of other core businesses like LIHEAP and Weatherization



*How it changed our CAP agency:*

- Indirect costs affect everyone's mission.
- Approaching capital from a different perspective creates opportunities to enable other worthwhile social undertakings.
- It substantiated the successful role that CAPs can play in the private sector.
- It helped us begin to look at our current businesses differently.

A large solar panel array is installed in a field of tall grass. The sun is low on the horizon, creating a warm, golden glow and long shadows. The solar panels are tilted towards the sun. In the background, there are trees and a clear sky.

# A Snapshot of the Market

**26GW**

OF SOLAR INSTALLED IN THE  
NEXT TWO YEARS:  
THE SAME AMOUNT THAT HAS  
BEEN INSTALLED IN THE ENTIRE  
HISTORY OF THE INDUSTRY

**\$7.4**

**Trillion**

IN CLEAN ENERGY  
INVESTMENT BY 2040

**40%**

OF ALL ENERGY  
WILL COME  
FROM CLEAN  
ENERGY BY 2030



## Our Customers



CapSolar I has generated 7,165,179 kW to date.  
This has had the following environmental impact:







# The Value Statement

***A 1,000 kW solar installation over a 15 year lifetime will produce 17,800 MWh of electricity, avoiding approximately \$2,280,000 of expense on utility bills.\****

\*Based on average New Jersey electricity rates





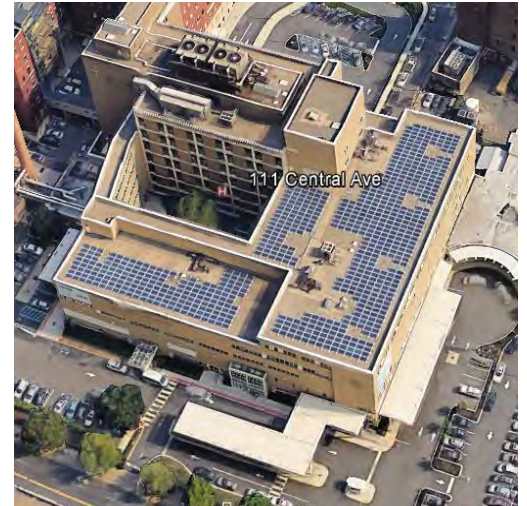
School



Movie Theater



**This is what 1,000 kW looks like**



Hospital



Food Bank



**This is what 53 kW looks like.**

*Fiscal incentives can drive profit in what may seem to be a difficult market.*

**Head Start School**  
(roof issues)



**Fire Station**  
(Exposure Issues)

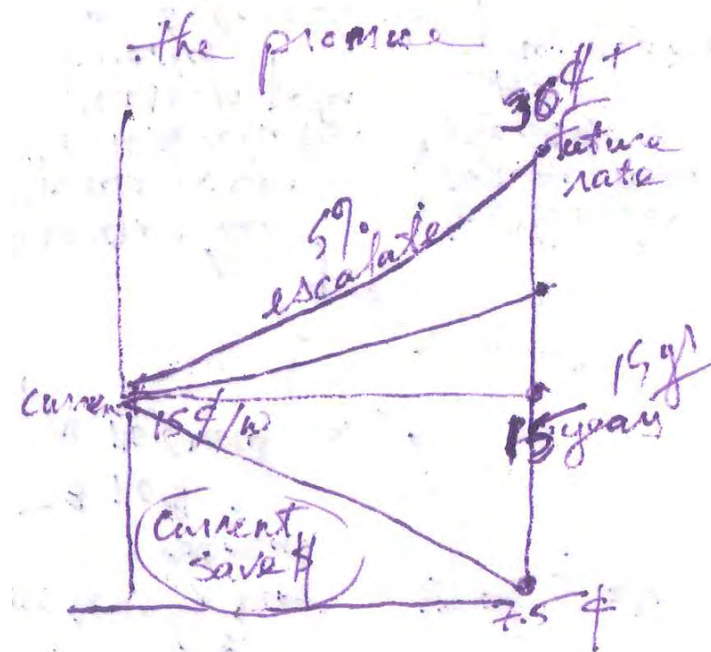
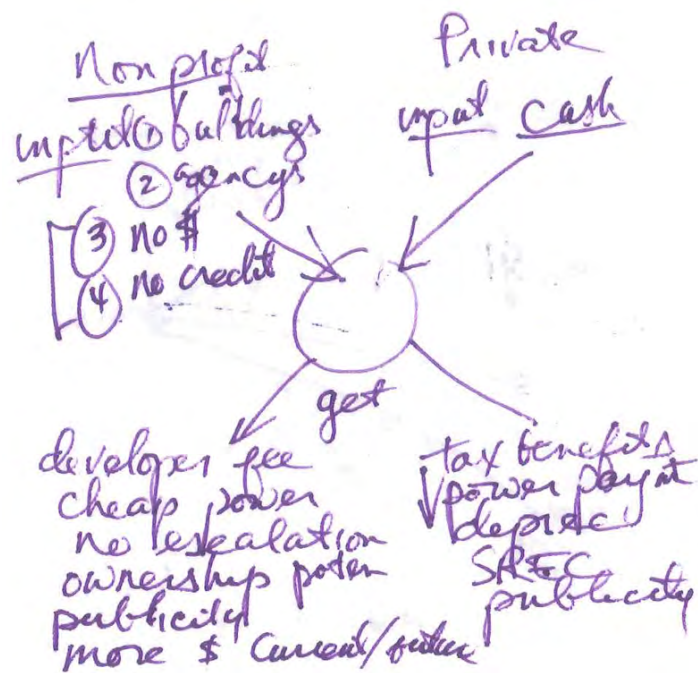


**Community Center**  
(roof slope issues)





## Birth of an Idea



# Capital



## How you get capital

- Capital does not care where you are. Capital deploys anywhere there is well organized opportunity for a return on investment.
- There are embedded tax incentives that can not be utilized by a non-profit. These incentives can be realized by a taxable capital partner.
- All capital will look for a healthy return, but some capital will look at the triple bottom line.

## How you get paid

- Solar needs a subsidy. These differ by state.
- Management fees
- Development fees
- The cost structure of the electricity.
- Equity with capital investor
- Post recapitalization buyout



## Your Organization

### Legal

- Prepare entity
- Prepare documents

### Sales and Marketing

- Outreach to site hosts
- Explain solar and financial impact
- Review Site Lease and PPA

### Back Office

- Develop viable financing
- Coordinate draw down and EPC payments
- Monitor power produced
- Sell incentives into state marketplace (SREC)
- Bill site host under PPA
- Aggregate cash-remit to equity investor
- File State and Federal Taxes
- Produce financial statement

### Construction

- Select EPC
- Monitor Construction
- Complete interconnection

## Cap Solar I – Our Partners



*CAP Solar's unusual partnership draws upon the financial expertise of a Wall Street investment bank (Goldman Sachs); an organization with significant experience in energy and environmental services (Compass Point South); a solar installation business (Mercury Solar Systems); and GBCA, an innovative Community Action Agency that has been in the home energy cost reduction business for many years.*





### **GOLDMAN SACHS URBAN INVESTMENT GROUP**

CAP Solar New Jersey's \$10 million investment is financed by Goldman Sachs Urban Investment Group (UIG). This investment takes advantage of the New Market Tax Credit which incentivizes UIG to invest in economically distressed communities as defined by the Community Development Financial Institutions Fund at the US Department of Treasury. It is paid back, in part, by other tax-driven incentives: Solar Investment Tax Credits, Federal 1603 Grants, and accelerated depreciation in order to realize a return on capital.

The remainder of the investment is paid back through revenues earned from participant consumption of solar energy and sales of solar renewable energy credits (SRECs). The project receives no government grants. After a 10-year period, when Goldman Sachs exits the project, CAP Solar will own all of the solar assets outright. CAP Solar is self-sustaining due to the revenue earned through power payments from nonprofit program participants.

# Understanding Your Market

*Your mission is your community. You know your market better than anyone.*

## *Know your customers:*

- Who are they? What is your niche?
- What is the condition of your local infrastructure?
- What is the value to your community?
- What is the environment for solar in your community?
  - Physical assets
  - Public receptivity
  - Utility relationships

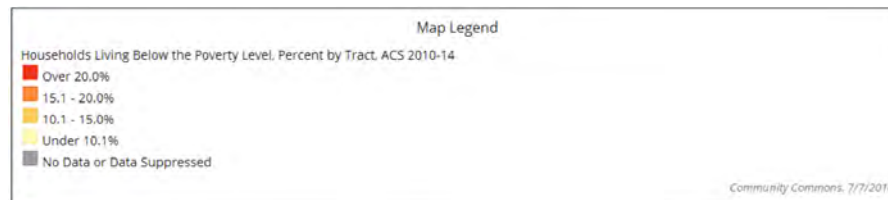
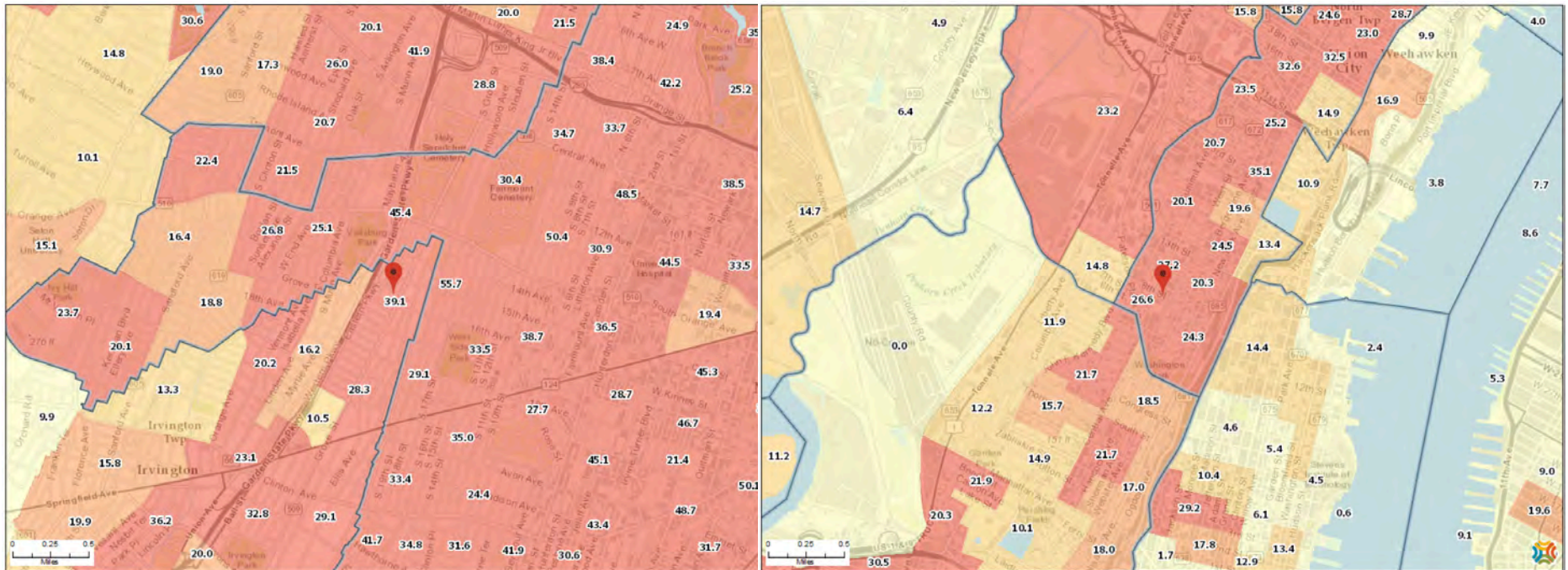
## *Know your Federal and State regulations:*

- What type of Solar Renewable Energy Credit (SREC) does your state provide?
- What type of metering is allowed?
- What kind of caps are in place in your state?
- What is your state's Renewable Portfolio Standard (RPS)

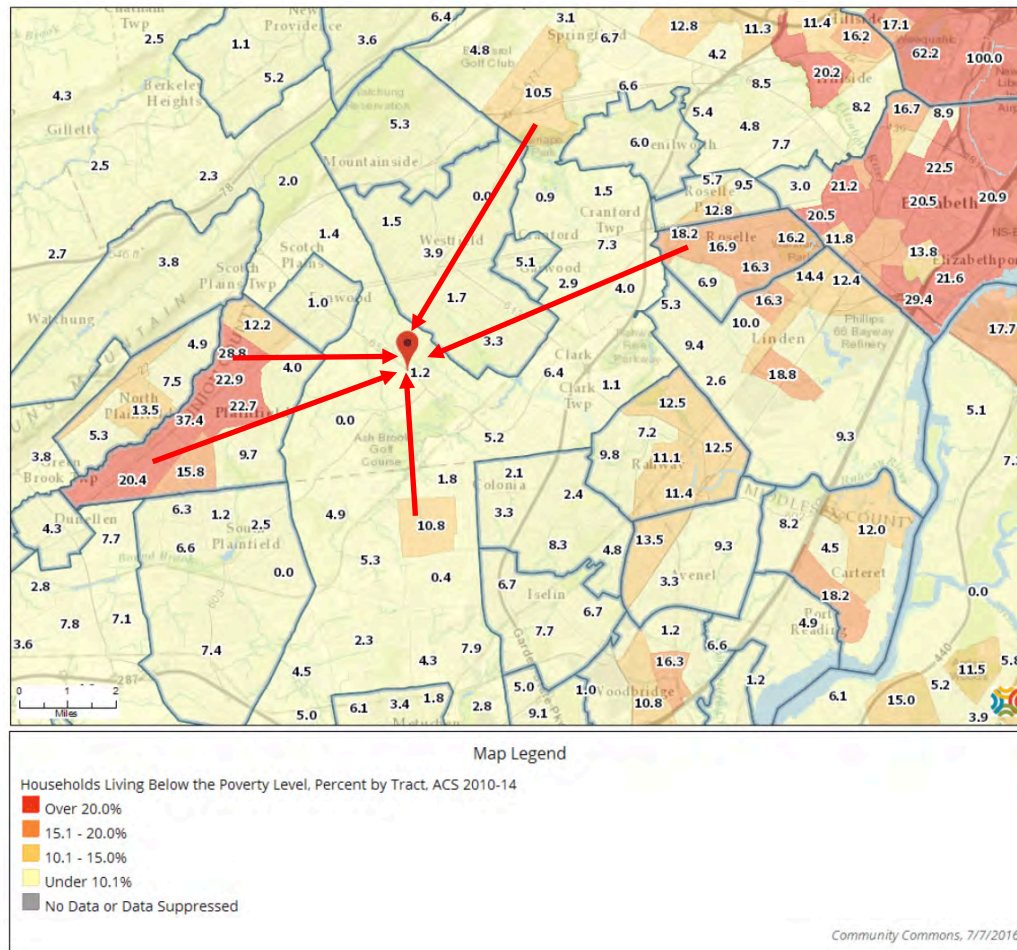




# Understanding your Market



# Understanding your Market



1600 Martine Avenue, Scotch Plains, NJ

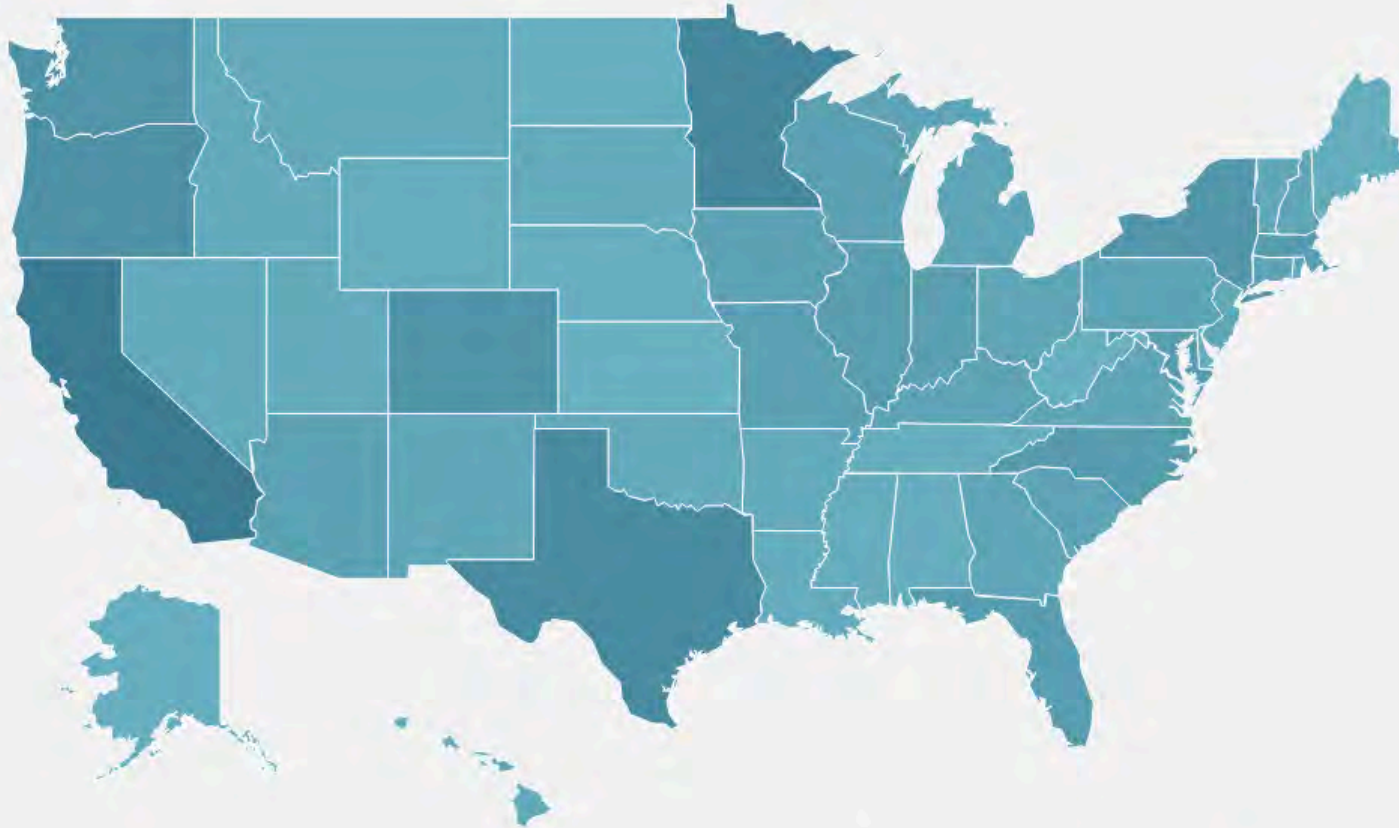
- 600KW+ Solar Opportunity
- 720 Students
- ~20% of Students are bussed from high unemployment neighborhoods.
- Capital partners must feel comfortable that you understand your market.

## There are Federal and State Financial Incentives and Regulatory Policies in the US dedicated to Solar Companies

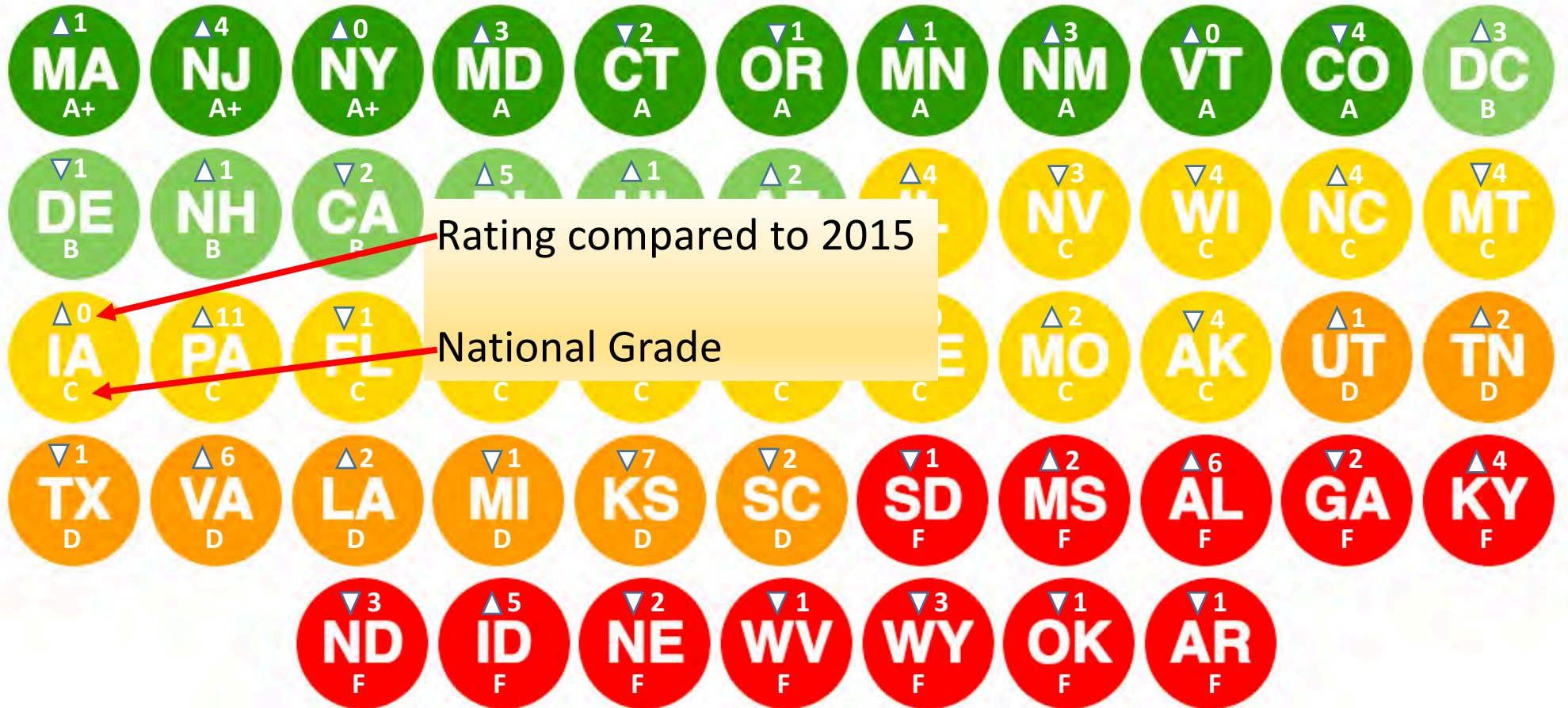




There are 974 Federal and State Financial Incentives and Regulatory Policies in the US dedicated to Solar Companies



## States by Ranking



## States by Ranking





## States by Ranking – Virtual Net Metering vs Net Metering

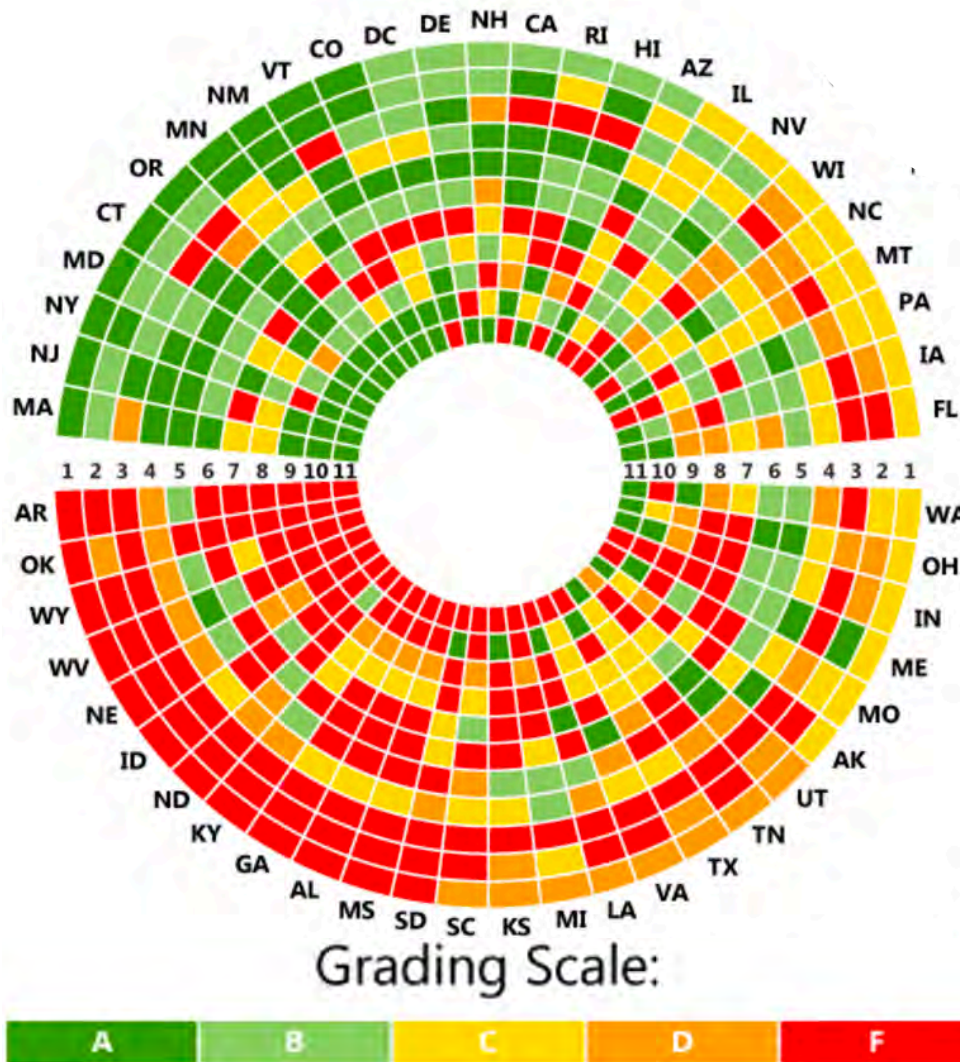


Shaded locations are Net Metering

# Solar Grade by Factor

## Factors:

1. Overall Grade
2. Renewable Portfolio Standard (RPS)
3. RPS Solar Carve-out
4. Electricity Cost
5. Net Metering
6. Interconnection
7. State Solar Tax Credit
8. State Solar Rebates
9. Performance Payments
10. Property Tax Exemption
11. Sales Tax Exemption



# Internal Readiness Questionnaire



## **State Considerations:**

1. Do you understand the fundamentals of the solar economics in your state? Are you in an active solar market?
2. How sustainable/stable/predictable is the solar market in your state? Are the state politics aligned for the future?

## **Market Considerations:**

1. Do you know your non-profit market – your potential customers?
2. How strong is your bandwidth with your stakeholder community? How will you expand it?
3. What is your plan to educate your market?

## **Organizational Considerations:**

1. Does your Board have the necessary risk tolerance? Can you explain the risks? Do you know how to mitigate those risks?
2. Does your CAP leadership have an entrepreneurial spirit?
3. Do you have key staff to deploy who can master the key concepts and allocate adequate time? If not, how will you obtain them?
4. Can you identify the key players for the following roles?
  - Analyzing the power proposition
  - Performing financial modeling
  - Obtaining capital
  - Selling to the market
  - Engineer, Procure and Construction (EPC)
  - Operate and Manage (O&M)
  - Legal and technical compliance



# A Conversation about the Future





Web: [www.capsolar.org](http://www.capsolar.org)  
Email: [info@capsolar.org](mailto:info@capsolar.org)