Navigating to Deal Close: Key Questions to Ask When Securing Efficiency Financing

Tuesday, May 16
2:00 – 3:15 PM
Panelists

- Steve Gossett, Flywheel
- Susan Leeds, New York City Energy Efficiency Corporation (NYCEEC)
- Joe Indvik, JDM Associates
Energy Efficiency Finance
Fixing a Broken Marketplace with Data
The energy efficiency marketplace is functionally broken.
Why is the marketplace broken?

> Customers feel projects are **expensive** and lack transparency

> Cost of customer acquisition is **too high**

> Unfulfilled projects mean **time wasted** for lenders and developers
We’re dealing with an unhealthy cycle
Reducing customer acquisition cost is the key

**Status Quo**

- Dead Deal Costs
- Expensive Sales Process

- High Cost of Customer Acquisition
- High Gross Margin Requirements
- Expensive & Opaque
- Low Customer Conversion Rate

- Low Market Penetration Rate

**Root Cause**

**Problem**

**Lower CAC - increase market penetration**

- Low Dead Deal Costs
- Low Cost Sales Process

- Low Cost of Customer Acquisition
- Lower Gross Margin Requirements
- Competitive & Full Transparency
- High Customer Conversion Rate

- High Market Penetration Rate

**Create This**

**Goal**
How do we lower CAC?

**CHANGE** the business model

**EMBRACE** technology
Use technology to gather data
Does data fix a broken marketplace?

> Changing the business model lowers CAC

> Using data creates a higher rate of customer conversion

> Higher conversion means a better relationship with lenders

> Transparency and lower costs mean higher customer satisfaction and retention
THANK YOU

Steve Gossett, Sr.
Executive Project Consultant, Flywheel
Susan Leeds
NYCEEC
OUR IMPACT

As of May 2017

- **$98 million** Clean Energy Projects Financed
- **7 Lending Partnerships**
- **8.2 million** Square Feet Impacted
- **182 Buildings Upgraded** in all five boroughs among all building types
- **715,000 Mtons of CO₂ Eliminated**
- **19.5 million MMBtus of Energy Saved**
- **4,496 Affordable Housing Units Created**
- **1,063 Jobs Created**

As of May 2017
NYCEEC PORTFOLIO

Diverse building types (By total project cost)

- Multifamily affordable: 22%
- Multifamily market-rate: 36%
- Commercial & industrial: 42%

EE & CLEAN ENERGY (By total project cost)

- Energy efficiency: 48%
- CHP: 42%
- Fuel conversion: 6%
- Renewables: 1%
- Demand response: 3%

By total project cost: $98M

As of May 2017
Targeted financial solutions
(By NYCEEC capital commitment)

Capital
- Loans $47M
- Credit enhancement (CE) utilized $1M
- CE committed $7.5M

# of transactions
59

Size
- Pre-dev’t: $3k - $8.5k
- Loan: $48k - $7M

Weighted avg interest rate
6.6%

Weighted avg term
8.4 years

By product
$48M

10% Green construction
44% ESA & PPAs
47% Equipment loans

As of May 2017. Note that # of transactions includes 7 lender partnership
**CAPITAL SOURCES**

### 2011 at launch
- Public (Fed): $33M

### 2017 today
- Public (Fed): $33M
- Bank: $15M
- Philanthropic: $6M
- Public (City): $5M

**Total:** $59M
MULTIFAMILY & COMM. CONDO
1 BLDG / 107 units
188k SF

ENERGY EFFICIENCY & COGEN

TOTAL PROJECT COST
$8.7M

NYCEEC EQUIPMENT LOAN
$6.8M

55 WALL ST.
MANHATTAN
MARCUS GARVEY
BROOKLYN

AFFORDABLE
MULTIFAMILY
100 BLDGS / 625 units

ENERGY
STORAGE

$1.3M
TOTAL
PROJECT COST

$1.2M
NYCEEC
ESA LOAN
MULTIFAMILY CO-OP
1 BLDG / 24 UNITS

SOLAR PV

$200,000
TOTAL PROJECT COST

$186,000
NYCEEC EQUIPMENT LOAN

ELMO HOMES
BROOKLYN
 QUESTIONS?

Susan Leeds, CEO, sleeds@nyceec.com
The Better Buildings Financing Navigator

The Navigator is an online tool that helps public and private organizations find financing solutions for energy efficiency projects.

With the Navigator, you can…

1. **Explore**: Learn the basics of the efficiency financing market

2. **Find**: Answer a few simple questions to see which financing options might be a fit for your project

3. **Connect**: Speak to Better Buildings Financial Allies who may be able to finance your project

Now available at: [https://betterbuildingssolutioncenter.energy.gov/financing-navigator](https://betterbuildingssolutioncenter.energy.gov/financing-navigator)
Questions?
Thank You

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