Consumer Finance for NC Electrification Campaigns

North Carolina Clean Energy Fund Presentation for Buncombe County April, 2023

The NCCEF Team



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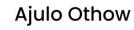
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BOARD MEMBERS

Green Banks Fill Market Gaps

- Not actually banks non-depository
- If it already works don't replicate it.
- Bring accessible financing products to enable projects that reduce greenhouse gas emissions where the market is not providing that.
- Work ourselves out of a job pave a path so that private capital partners enter the market at scale.
- Accelerate and strengthen clean energy lending via credit unions, Community Development Finance Institutions (CDFIs), and regional banks.

Opportunity Ahead (2023-2024)

- Create 2-3 scalable financing products
 - ► Source funding for pilots local, state, philanthropic
 - Support NC partners responding to IRA and Infrastructure Act
- Grow pipeline of fundable projects
 - partner collaborations
 - contractor networks and trade associations
- Position NC to access capital through EPA Greenhouse Gas Reduction Fund
 - \$27B loan capital
 - Summer 2023 competition
 - Capital available ~2024

Buncombe County Pilot Opportunity

- Standardized consumer loan product to drive electrification priorities in Buncombe County
 - Focus on heat pumps and/or heat pump hot water heaters
 - Engage local lenders and contractors
 - Provide financing platform & loan loss reserve
- Demonstrate the model that will be replicated statewide.

Leverage a National Consumer Finance Platform

"Smart-E" Program Snapshot

Active & successful in Connecticut, Michigan and Colorado

-Over \$500M loans, 40,000 homeowners in 3 states (CT, MI, CO)

-19 community lenders

-1,000+ contractors across all trades – solar,

efficiency, HVAC and more

-Excellent portfolio performance

Model built by Inclusive Prosperity Capital, a spinoff of Connecticut Green Bank

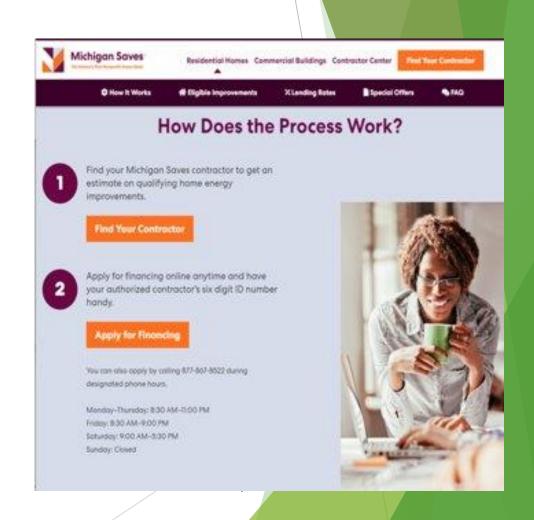
Expanding to new states in collaboration with green banks and credit union networks





Consumer Clean Energy Loans

- Residential unsecured loan product for homeowners
 - ▶ 1-4 unit, owner-occupied residential properties
- Easy application through local lenders
- \$500 \$50,000 loan amounts available
 - 25% of loan for "other"
- Platform supports 40+ energy improvements
 - Heating and cooling, solar, insulation, windows, etc.



Accessible Loans

All customers get the same interest rate, no matter their FICO

	5-Years	7-Years	10-Years	12-20-Years
Rate	5.49%	5.99%	6.49%	6.99%

• Accessible to lower-credit people \rightarrow allows credit score as low as 580 FICO

Installer-friendly progress payments built into the loan

▶ (1/3 upon closing, 2/3 upon proof of completion)

Local lenders benefit

- Loan loss reserve supports all loans made in first 3 years of participation
- Software platform simplifies making clean energy loans
- Vetted and trained contractor network drives volume
- Credit performance of home energy loans is <1%</p>

Who Does What?

Community Outreach	Outreach to Installers/Con tractors	Engage lenders	Originate & service loans	Administer loss reserve, loan platform
Buncombe County and County partners	NC Clean Energy Fund Buncombe County and County partners	NC Clean Energy Fund Buncombe County and County partners	Participating lenders	NC Clean Energy Fund

Estimates Buncombe County Heat Pump &/or Water Heater Campaign Design

Approx. 81,000 owner occupied homes

		Year 1		Year 2	Year 3
Estimated participating					
homeowners	125		138		166
Total Annual Closed Loans	\$	812,500	\$	897,000	\$ 1,079,000
Total Portfolio Closed Loans	\$	812,500	\$	1,709,500	\$ 2,789,000

County can add impact with interest rate buy downs

Ten year loan	0% interest	5% interest	9% interest
Total cost of purchase + financing (without tax credit)	\$ 10,000	\$ 12,700	\$ 15,000

Program Requirements

Loan loss reserve needs

- □ Year 1 \$100K
- □ Year 2 additional \$70K for loans originated in year 2
- □ Year 3 additional \$70K for loans originated in year 3
- Over time, declining loss reserve can be used for other program priorities
- Marketing and outreach
- Contractor engagement support
- Lender engagement support

Thank you!

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