Residential Solar Finance 101: Accessing Capital Markets to Grow Your Business

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Overview

Solar is Booming
Residential Solar is a Huge Market Opportunity
People Are Going Solar
Industry Grew 20% in 2013: US Economy Grew 1.9\(^{(1)}\)

Financing Is Driving the Solar Market
Financing Allows Consumer Access to Residential Solar
Investors Like This Asset Class, Investing Significant Capital

Clean Power Finance Enables Financing
Connects Supply and Demand Through Scalable, Online Platform
Flexible, Unbranded Model Attracts New Players

Large Opportunity for New Market Entrants
Access New Deal Flow
Gain Insight into A Large, Evolving Market

\(^{(1)}\) Source: Greentech Media Q3 2013 SMI Report
Residential Solar in the U.S.
What Is Residential Solar?

Solar PV panels convert the sun’s photons into direct current (DC) electricity.

The inverter turns DC into alternating current (AC) for use in the home.

Extra, unused AC power is sent back to the grid to be used by other local consumers.

Solar power is used first. If there’s not enough (or at night), grid power supplements.
Snapshot: Residential Solar in the U.S.

More than **360,000 homes** across the country have solar systems\(^{(1)}\)

Someone installs a residential solar system in the U.S. **every 4 minutes.** \(^{(2)}\)

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**56 Million** U.S. Households Can Refinance Their Electricity for the 1\(^{st}\) Time

\(<1\%\) of the Market Has Been Penetrated

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\(^{(1)}\) \(^{(2)}\) Source: Greentech Media Q3 2013 SMI Report
Trend 1: Financing Is a Key Market Driver

Residential is the fastest-growing segment in the U.S. solar market. (1)

Barriers to Adoption:
• High up front cost
• Maintenance concerns
• Customer confusion

FINANCE PRODUCTS
Solar Leases and Power Purchase Agreements (PPAs)

Consumer Benefits:
• Little/no money down
• Professional services for O&M
• Lower electric bills

People Overwhelmingly Go Solar To
Save Money

(1) Source: Greentech Media Q3 2013 SMI Report
Residential Solar – and Financing - Are Going Mass Market

More U.S. Homes With Solar Installed

Solar Homes Installed

Increased Use Of Solar Financing

% Financed

Source: Greentech Media 3Q 2013 SMI Report
The Next Wave of Consumer Financing

Investors Like Residential Solar

An Attractive Asset Class
Relatively High Returns with Relatively Low Risk
Capital Providers Include Banks, Electric Utilities, Corporates

Trend 2: Investors Realizing High Risk-Adjusted Returns; An Increasingly Compelling and Credible Asset Class

Consumers Overwhelmingly Pay Their Electric Bills

Source: Kilowatt Financial
(1) Pricing Is for Prime Consumers
Clean Power Finance
Clean Power Finance’s Platform Enables Financing

Clean Power Finance

Manufacturers
Distributors
Installers

Utilities
Corporates
Financial Institutions

Financial Services
and Software
for the Solar Industry

Solar Professionals
Grow Their Businesses by Offering Compelling Solar Finance Products to Homeowners

Investors
Ability to Efficiently Manage Risk and Invest in A Residential Solar Portfolio

Top Investors

Major Fund Investors

DUKE ENERGY
EDISON INTERNATIONAL
KPCB

Google
EDISON
KPCB

integrys
Morgan Stanley

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How It Works

Origination and Construction
- Designs System
- Generates Proposal
- Selects Financing Options
- Sells Consumer

Underwriting
- Underwrites Consumer
- Confirms Deal Meets Product Parameters

Ongoing Operations
- Locks Price
- Reserves Capital

Verified Professionals

Clean Power Finance

Investor
How It Works

Consumer Accepted

Origination and Construction → Underwriting → Ongoing Operations

Verified Professionals
- Completes Construction
- Agrees to Warranties

Clean Power Finance
- Underwrites the System (Reviews Construction Documentation)
- Transacts Purchase

Investor
- Pays Installer
- Takes Ownership of Completed System
How It Works

Consumer Accepted

Origination and Construction → Underwriting

Transaction Completed

Ongoing Operations

Verified Professionals
- Services Warranties
- On-Call Maintenance

Clean Power Finance
- Manages Assets for Investors
  - Monitors Systems
  - Manages Maintenance
- Arranges Billing & Payment Collections
- Customer Service

Investor
- Earns Returns
Market Opportunities
Trend 3: New Business Ventures Capitalizing On Increasing Consumer Engagement With Electricity

Google Buys Nest for $3.2BN
- Home automation company
- Designs and manufactures smart thermostats & smoke detectors
- Emphasizes user experience

Comcast Partners with NRG
- New industries partnering with energy companies
- Cable providers, alarm companies, etc.
- Bring customer acquisition expertise to retail electricity

Energy Software Company
Opower Files for IPO
- Software-as-a-Service company
- Helps utilities promote energy efficiency
- Provides customers with personalized ways to save energy & money.

Integrys Energy Services Invests in Solar Through CPF
- CPF connects supply and demand
- Unbranded platform enables traditional businesses to access residential solar opportunity
- Electricians, roofers, utilities
Key Takeaways

Trend 1:
Financing Is A Key Driver of Growth In US Solar Market, Particularly Residential Sector

Trend 2:
Favorable Returns with Managed Risk Are Attracting Major New Solar Investors from Variety of Industries

Trend 3:
New Business Opportunities Proliferate as Consumers Use New Technologies to Engage with Electric Power

The CPF Market Connects Industries For Win-Win Outcomes

(1) Source: Greentech Media Q3 2013 SMI Report
Thank You

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