Performance Contract Like an Energy Services Company

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There are 3,404,800 Unretrofitted Commercial Buildings, under 100,000 Sqf. comprising 53 Billion Sqf., in the US that ECAP Supported Contractors are uniquely positioned to capture.

**THIS EQUALS $74.2 BILLION MONETIZATION OPPORTUNITY**

The Untapped Market

<table>
<thead>
<tr>
<th></th>
<th>SCHOOL DISTRICTS</th>
<th>STATE/LOCAL GOVERNMENTS</th>
<th>FEDERAL</th>
<th>UNIVERSITIES/ COLLEGES</th>
<th>PUBLIC HOUSING</th>
<th>HOSPITALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$29.4 B</td>
<td>$16.3 B</td>
<td>$12.7 B</td>
<td>$9.8 B</td>
<td>$5.7 B</td>
<td>$25.6 B</td>
</tr>
<tr>
<td>Monetization</td>
<td>58%</td>
<td>70%</td>
<td>72%</td>
<td>75%</td>
<td>82%</td>
<td>90%</td>
</tr>
</tbody>
</table>

**THIS EQUALS $99.5 BILLION MONETIZATION OPPORTUNITY**

The Broader Market


Source: Buildify Inc. Analysis drawn from ACEEE, LBL, and EIA (see appendix for complete methodology and sources).
The Sales Proposition

- No Cost Project Development and Management
- Revenue Generating Capital Improvements
- Reduced Energy Consumption and Operating Expenses
- Environmental and Health Benefits

Property Before and After Energy Project

**BEFORE PROJECT**
- Decreasing Competitiveness with Peers
- Depressed Asset Value from Deferred Maintenance
- At Risk for Environmental Policy Changes
- Uncompetitive Rents and Lease Rates
- Discounted Investment Return to Peers

**AFTER PROJECT**
- Insured Increase in NOI
- Increased Asset Value
- Improved Environmental Quality
- Expanded Balance-Sheet Capacity
- Expanded Access to Property Investors
THE PROBLEMS AND SOLUTIONS

PROBLEMS

- Sales Costs
- Capacity/Expertise Access
- Development/Engineering Costs
- Insurance Access
- Financing Access

SOLUTIONS

- Commoditization
- Network
- Development Methodology + Network Pricing
- Online Marketplace
- Online Marketplace

What is Project Performance Insurance?

Project Performance Insurance policies are designed to remove the risk that the project performance promised by a Developer fails to materialize.

By agreeing to pay for any performance shortfalls over the policy term, an investment grade insurer mitigates the two principal barriers to a successful project: (1) the risk of underperformance, and (2) disputes over project performance.
How much does it cost?

Project Performance Insurance costs between 1% to 5% of the total insured income from the project.

Benefits Summary

• Removes Financial Risk of Project Underperformance
• Third-Party Validation of Projects Reduces Underwriting Expenses
• Ease of Marketing Financial Value to Stake-Holders

ECAP can arrange for access to review specific PPI Insurance Policies upon request.

How does Project Financing Work?

- Project Lender
  - Project Cost
  - Total Payments
- Project Financier
  - Project Cost
  - Percent of Project Revenue
- Local PACE Program
  - Project Cost
  - Tax Payments
- Project Beneficiary

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THE DEVELOPMENT PROCESS

1. Identify and Engage Project
2. Generate Project Proposal
3. Underwrite Project Financing
4. Underwrite Project Performance Insurance
5. Select Project Funding Structure
6. Fund and Install Project
7. Operate and Monitor Project

THE NECA ECAP PLATFORM
Project Development Through the Platform

- Create/Find Project Opportunities
- Find Resource Partners
- Find Project Insurance Solutions
- Find Project Finance Solutions

THE ECAP NETWORK

- Contractors
- Customers
- Partners
- Funders
- Insurers
Visualizing Your Project Team

Questions?

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Don’t forget…
• 9:00 am-1:00 pm NECA Show
• 11:15 am-2:30 pm Closing General Session
• 7:15pm Closing Celebration